

2009
MELBOURNE SYMPHONY ORCHESTRA

ANNUAL REPORT





2009

MELBOURNE SYMPHONY ORCHESTRA PTY LIMITED

ANNUAL REPORT

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CHAIRMAN'S REPORT

The 2009 concert year was one of tremendous success on many fronts for the MSO. Our contributions to the opening season of the **Melbourne Recital Centre**, the Orchestra's involvement in the 50th anniversary celebrations for the **Sidney Myer Music Bowl**, the two programs conducted by **Sir Andrew Davis** and the new **Ears Wide Open** concert format with Richard Gill were some of the highlights in an exciting season for the Orchestra. We are also extraordinarily proud of our involvement in the community's response to the Black Saturday bushfires and their aftermath.

Financial stability has been critical to our on-going success, and in recent years the Orchestra has enjoyed surpluses. By targeting a budget surplus of \$500,000 annually, we aim to build our reserves to cushion the effect of difficult periods such as the one from which we have just emerged. The Global Financial Crisis has impacted all forms of entertainment as consumers reduced their discretionary spending, and the Melbourne Symphony Orchestra was not immune.

As a result of consistently rigorous financial management over a long period, the MSO has a strong balance sheet that allows us to absorb a deficit for 2009 of \$869,901 whilst still retaining reserves of approximately \$4 million going forward.

The deficit for 2009 was caused primarily by the reduction in global interest rates on investment earnings, which fell by 45 per cent year on year. In addition, the shortened term of Oleg Caetani's tenure as Chief Conductor and Artistic Director has brought forward contract costs into 2009, resulting in a year on year increase in artist fees of 4 per cent; this will be offset by savings of a greater magnitude in 2010. A year on year reduction in tickets sales of 10 per cent has been partially offset by savings achieved in operating costs.

The Company is well positioned to return to profitability as the economy recovers. There are many positive indicators for our current season, including strong renewals by subscribers and an increasing return of confidence in the financial sector. Interest rate increases are anticipated to have a positive effect on reserves.

The continued assistance from the Australian Government, through the Australia Council, its arts funding and advisory body, the Victorian Government through Arts Victoria, and the City of Melbourne in addition to the vital support from the Orchestra's corporate and private donors, and Friends groups in Melbourne and Geelong, also underpins the MSO's positive outlook for the coming year.

The venue in which we perform most frequently is the Arts Centre, Hamer Hall. Early in 2009, we received advice from Arts Victoria and its Director, Penny Hutchinson, that the renovations to Hamer Hall, announced by the State Government in 2008, would commence in July 2010. We quickly undertook an extensive communication process and, by mid-June, had alerted all our subscribers to the closure of the Hall from mid-2010 and the impact this would have on their seating. At this time we also communicated to our private and corporate stakeholders. Following extensive internal discussion and external consultation by the MSO, Arts Victoria subsequently agreed to compensate the organisation by way of business interruption funding during the Hall closure period, based on a schedule of modelled financial impacts which encompassed the years 2010 to 2012.

The correspondence mailed to all stakeholders included a letter from the Premier, and one from the then-Managing Director Trevor Green, outlining how the closure would affect our scheduling and programming. We also included details for subscribers of seat

transfers plus a seating plan for the Melbourne Town Hall.

Early in this process, the then-Managing Director and I met with the Lord Mayor of the City of Melbourne, Robert Doyle, and his Chief of Staff, to discuss the extended use of the Town Hall during the Hamer Hall closure period.

By mid-2009, as we worked through the implications of the Hamer Hall closure period on our 2010 and 2011 concert seasons, it became clear that Chief Conductor and Artistic Director Oleg Caetani could only be scheduled for six weeks rather than his contractual twelve in 2010. In light of the move to other venues in the course of rescheduling the season in the period after the Hall's closure, plus Caetani's other conducting commitments, we were obliged to reduce his contracted dates with the MSO.

In September, however, Caetani requested an early termination of his contract. The Board agreed that this was desirable. After reaching a mutually agreeable financial outcome a few weeks later, Caetani's tenure with the Orchestra came to an end in October 2009. There are many recordings celebrating his achievements with the Orchestra, and I join with Trevor Green in paying tribute to his fine musicianship.

In addition to the Company's work on the Hamer Hall closure, a great deal of time was spent by senior staff and Board members on an agreement with the Arts Centre over equitable ticketing and data sharing arrangements, following the Arts Centre implementation of its new Tessitura ticketing system.

As of April 2010, the key issue for the MSO and other major presenters has not yet been fully resolved: the need for the MSO and like-sized companies to sell single tickets directly to our clients, control inventory and patron

CHAIRMAN'S REPORT CONT.

data and improve customer service. For the MSO, a timely resolution of the issues must be reached in anticipation of the Hamer Hall re-opening in 2012.

In terms of our rehearsal and administrative home, Board and senior management worked throughout 2009 on our future accommodation options, and the need for the MSO to demonstrate that its future needs may best be met in dedicated accommodation for musicians and staff. This was discussed extensively with State and Federal governments.

With the proposed redevelopment of the MSO's rehearsal and administrative home on the ABC site at Southbank, this issue needs careful planning, and a demonstrable ability on our part to deliver a range of agreed outcomes, in order to justify funding that would allow us to move to the planning stage.

In his report, Trevor Green discusses the implementation of the 2008 Segmentation Study; our ability to grasp its implications will have a major impact on the success of our return to Hamer Hall in 2012. One of the Study's key observations was the Company's need to focus policy on developing new audiences. In our response to the Segmentation Study's findings, we will need to acknowledge the importance of our traditional concert audiences while finding new pathways to the many different audiences within the Victorian community.

In order to broaden the dialogue between the Orchestra and the Education sector, we created the MSO Education Advisory Group, which has met regularly since September 2009. The group comprises members of the MSO senior management team, Heads of Music from the secondary education sector and MSO musicians.

In 2009, I was honoured to join MSO Board as its Chairman. We welcomed Cr. Jennifer Kanis as the City of Melbourne's representative on the Board, and Alastair McKean as the newly elected Employee Board Director.

Trevor Green's departure at the end of the year, after more than a decade as the MSO's Managing Director, marked the end of a period of growth – artistically and financially – and a high level of community engagement for the Orchestra. Everyone at the MSO wishes him nothing but the best for the future.

A special sub-committee comprising members of the Board and the management team was created to manage the search for the new Managing Director, headed by the Board's Deputy Chairman, Alan Goldberg. The result was an orderly and collaborative transition, which resulted in the appointment of Matthew VanBesien as Managing Director, commencing in February 2010. Matthew comes us from a highly successful tenure as Chief Executive Officer at the Houston

Symphony in the United States. He was able to visit Australia in late November for important meetings with Trevor Green, the Board and key external stakeholders before he began with the MSO in the new year.



HAROLD MITCHELL
Chairman

CORPORATE GOVERNANCE STATEMENT

This statement outlines the Melbourne Symphony Orchestra's corporate governance practices in line with the eight Good Practice Governance Principles published and monitored by the Major Performing Arts Board of the Australia Council for the Arts. These principles are based on the recommendations published by the ASX Corporate Governance Council. The statement sets out the Melbourne Symphony Orchestra's compliance with the eight Principles as at the end of the financial and calendar year.

Principle 1:

Lay solid foundations for management and oversight.

The practice of the MSO's Board of Directors is governed by the company's Constitution.

The Board delegates the management of the organisation to the Managing Director and senior management team, and retains oversight of each of the MSO's significant business streams through Board sub-committees. Membership of the sub-committees includes at least one Board Director as well as senior management. Charters exist for each of the Board sub-committees. The directors who sit on the Board sub-committees act as a Board interface by representing the Board and reporting back at full Board meetings.

Each year, a calendar of Board and Board sub-committee meetings is set. The Board met five times in 2009. In addition, the Board and senior management attend two strategy days each year to review pertinent issues outside the scope of a regular Board meeting and develop a response and implementation plan to these issues. The scope of the Board meetings include but are not limited to the MSO's three-year Business Plan, artistic program, budget for the forthcoming season

and financial year, updates from the Managing Director and subcommittees and any priority issues (such as the arts precinct redevelopment). Members of the senior management team report to the Board face-to-face on a regular basis.

From time to time, as needed, temporary subcommittees are established (e.g. to oversee the development of a strategic plan; or strategic changes in I.T.) and existing subcommittees are expanded (e.g. the Governance subcommittee oversaw the search for the new Managing Director).

In addition, the MSO Artistic Committee comprises management representatives, the Chief Conductor and/or artistic leader, Concertmaster and elected musicians. Its main purpose is to assess the quality of past performances, performers and performance standards of the Orchestra (both sections and individuals), take action where required to address performance issues, and to assess forthcoming projects. Significant findings of the Artistic Committee are reported to the Board.

Principle 2:

Structure the Board to add value.

The Board includes Directors with a range of skills including finance and accounting, business (both public companies and small business) and commercial experience, law, government, marketing, fundraising, I.T. and philanthropy. This experience is set out in the attached document.

Directors are appointed for an initial term of four years. Terms may be extended at the discretion of the Chair and the Board.

As noted in Principle 1, the Board delegate the oversight of the MSO's significant business streams to the Finance, Governance, Marketing, I.T. and Development Sub-committees.

Principle 3:

Promote ethical and responsible decision-making

The MSO Board is charged with a number of procedural matters including:

- review of annual operating plan and budget;
- articulation of the MSO's vision and mission; and
- establishment and communication of expectations in regard to the cultural values and ethics of the Company.

Codes of conduct exist for musicians and administrative staff, and are included in a Board Induction manual which is provided to new Directors.

The Board holds itself to the highest standards of ethical and responsible decision making.

Principle 4:

Safeguard integrity in financial reporting

The Finance Sub-Committee comprises at least two Directors and the company secretary and, by invitation, the Managing Director and Chief Financial Officer as well as other operational staff as required. The committee meets at least quarterly and its functions include:

- Review and monitoring progress against Strategic Plan and Budget/forecast, and reporting to the Board on management and annual financial statements;
- Management of the MSO's governing policies and procedures, specifically approving any new or altered policies;
- Provision of input to management in setting the Strategic Plan and Budget;

CORPORATE GOVERNANCE STATEMENT CONT.

- Evaluation and approval of executive expenditure;
- Ensuring compliance with applicable laws and regulations;
- Ensuring strong internal control, policies and procedures are in place;
- Development and monitoring of investment policy; and
- Approval of capital expenditure.

The Finance Sub-committee requires the Managing Director and Chief Financial Officer to attest in writing to the truth and fairness of the MSO's annual financial statements. In addition, the Managing Director and Chief Financial Officer must attest that the operational results are in accordance with relevant accounting standards.

The annual accounts are independently audited.

Principle 5:

Recognise and manage risk

The Board delegates oversight of risk management procedures and actions to all Board sub-committees, and recognition and management of risk to the Managing Director and senior management team. The charter of the Finance sub-committee includes the safeguarding of company assets incorporating the amendment of the company's investment policy. Other financial risk factors and the strategies used by the Board to mitigate these risks are listed in note 22 to the annual financial report.

Principle 6:

Encourage enhanced performance

The charters of the MSO Board and of the Governance sub-committee include the requirement to:

- Recommend to electing bodies possible new Board members, with regard to the diversity of the skills of the MSO Board members and organisation skill requirements;
- Develop Board criteria and skill requirements;
- Evaluate the Board's performance as a whole and of individual members;
- Actively manage the Board rotation system;
- Ensure succession planning for Managing Director and other key management roles including Chief Conductor and/or artistic leader; and
- Ensure that new Board members are adequately educated about the MSO.

In addition, the Board relies on the advice of the Artistic Committee, a group comprising the Managing Director, Director of Artistic Planning, Director of Operations and Orchestra members. The group meets on a regular basis to assess and improve artistic quality and performance standards, and review artistic standards and achievements of the MSO's program.

Principle 7:

Remunerate fairly and responsibly

The Board is specifically charged with ensuring the achievement, development and succession of the Company's senior management team, including remuneration. The Board assesses and, when necessary, takes professional advice on market benchmarks for remuneration. The Board provides the Managing Director with parameters within which to negotiate musician and administration staff agreements.

The Board itself is not remunerated.

Principle 8:

Recognise the legitimate interests of stakeholders

The Board is charged with ultimate responsibility to ensure that productive working relationships with key MSO stakeholders are maintained. The day to day management of key stakeholder relationships is delegated to the MSO's Managing Director and in turn to the senior management team. The MSO actively encourages and actions audience feedback via its website as well as by verbal, postal and electronic communication channels.

The Managing Director, senior management team and Board members regularly meet with key stakeholders including government, sponsors, audiences, the Orchestra itself and those providing professional advice to the MSO. From 2009, a peer-review panel is providing valuable additional artistic feedback to Board and management regarding orchestral quality and performance standards.

DIRECTORS AT 31 DECEMBER 2009

Name	Board Committees	Skills	Date of Appointment
Mr H Mitchell AO (Chairman)		Media, Philanthropy and General Business	27 November 2008
Mr T Green	FSC, GSC	MSO Managing Director	8 February 1999
Justice A Goldberg AO	GSC	Legal	15 March 2000
Dr B Adams	MITSC, DSC	Government and General Business	24 November 2004
Mr P Biggs	MSC	Marketing and Commercial Business	1 January 2007
Ms A Peacock	DSC	Fundraising and Corporate Sponsorship	1 January 2007
Mr M Ullmer	FSC	Financial and General Commercial Business	1 January 2007
Mr K Wong	MITSC, DSC	Information Technology	1 January 2007
Mr A McKean		MSO Employee elected Director	23 March 2009
Cr J Kanis	MSC	Local Government and Legal / IR	23 March 2009

FSC = Finance Sub-Committee

GSC = Governance Sub-Committee

MSC = Marketing Sub-Committee

MITSC = Marketing IT Sub-Committee

DSC = Development Sub-Committee

Directors of the company who retired during the year and the date of their retirement are:

Mr. R. Davis 5 February 2009

Since 31 December, Trevor Green has left the Company and, on 15 February 2010, Matthew VanBesien succeeded him as MSO Managing Director.



Matthew VanBesien, the new MSO Managing Director
as of 15 February 2010

MANAGING DIRECTOR'S REPORT



I suppose anyone who has run a company for a few years has a vision that their final months in the chair will allow for a neat conclusion to their tenure. Of course it can never work out like that; I was the MSO's Managing Director for more than a decade, and my valedictory year was as challenging and exciting as the previous ones.

As the Chairman, Harold Mitchell, indicates in his report, the year ended with the organisation in deficit, for all the reasons he articulates. It is worth pointing out that the organisation has healthy reserves and a strong balance sheet, and is well positioned to return to profitability as the Australian economy emerges from the Global Financial Crisis.

For example, key to the internal discussion about the Orchestra's return to Hamer Hall in 2012 are the recommendations of the 2008 Segmentation Study. Through 2009, the senior management team explored ways in which we could reflect the needs of our diverse audiences, bearing in mind the outcomes from the Study. We began the process of structuring the change through 2010/11/12, giving the organisation the capacity to meet the challenges of the market in the years ahead, and grow and diversify audiences.

The Orchestra's activity throughout the year was, if possible, even more varied than is usually the case. The early months were dominated by the Black Saturday bushfires and their aftermath. We worked with the Arts Centre throughout the Sidney Myer Free Concerts to raise money for the Red

Cross' bushfire appeal, proudly donated our services along with singing legend Roberta Flack for her special fund-raising performance at Hamer Hall and, shortly thereafter, played a major role in the **Together for Victoria** service at Rod Laver Arena. A string quartet from the Orchestra also gave a concert in St. Andrews as part of our musical contribution to the rebuilding of the community, with our Chairman in attendance.

Our commercial activity – events such as the **Classical Mystery Tour**, the MSO Pops concert **Superheroes at the Symphony** and our collaboration with **Human Nature** – brought us to big new audiences and were very successful in broadening our reach.

The year saw the release of two CDs. One is something of a melancholy landmark, as it turned out to be the final recording made by the prolific recording artist, **Richard Hickox**. Made around the time of his concerts with us in April 2008, it was to be the first volume of a series devoted to the music of Eugene Goossens. The other, on ABC Classics' **MSO Live** label, celebrates Sir Charles Mackerras' most recent concert in Australia, given in November 2007 with the MSO. The disc contains most of the music from that memorable event.

We made a number of recordings which will be released during 2010, for **ABC Classics**; one of popular material with tenor Rosario La Spina, under Benjamin Northey's direction; another, also conducted by Northey, features David Hobson in an album of Celtic music. The concerts featuring

Tadaaki Otaka and the MSO Chorus in November, which were all recorded for **MSO Live**, will constitute the first part of our Brahms symphony cycle, to be recorded under Otaka's direction.

Our orchestral tours of regional and outer metropolitan areas took us to Frankston, Sale and Warragul under Richard Gill's direction; and to Ballarat, Bendigo, Hamilton, Horsham, Shepparton and Warrnambool, where Nicholas Milton conducted. In addition, the MSO Chorus, under chorus master Jonathan Grieves-Smith, in its first full year as part of the Melbourne Symphony Orchestra organisation, gave an *a cappella* performance at the Castlemaine Festival. The Chorus also made its Sydney debut, at City Recital Hall, Angel Place, in a showcase program of choral masterworks, and was extremely well received. Throughout the year, the Chorus' work with the Orchestra, in such major works as Mahler's *Resurrection* symphony, Brahms' *Song of Destiny* and Handel's *Messiah*, demonstrated the achievement of ever-higher goals of artistic excellence.

The MSO choristers and Jonathan Grieves-Smith also took part in a very successful audience development activity in September, when they hosted **An Afternoon with the Chorus**, which gave anyone who wished to take part a chance to sing with the chorus in a range of well-known music.

Richard Gill conducted and presented another tremendously successful audience development project, **Ears Wide Open**,

which introduced masterworks of the orchestral repertoire to audiences of all ages in an informal, interactive setting. We then linked these events to full-length concerts in which the Orchestra played the repertoire complete. The two initial **Ears Wide Open** events were so successful that they have been expanded to three for the 2010 concert season.

While the early conclusion of Oleg Caetani's tenure prevented him from returning for his scheduled final concerts for the year, I must pay tribute to the many fine performances he gave during his time with us, including Shostakovich's Symphony No. 13 *Babi Yar*, the Opera in Concert performances of Verdi's *Otello*, and his Tchaikovsky symphony cycle, which he conducted as part of our 2007 centenary celebrations, and which were subsequently released on our MSO Live label. He conducted all the concerts on our very successful 2007 European tour, and his recordings with the MSO for Chandos of the music of the Polish composer Alexandre Tansman received many recording awards and won the Orchestra considerable international acclaim.

Throughout my time at the MSO, the support of the Australia Council, Arts Victoria and the City of Melbourne have been crucial to the MSO's success. I must also thank our Principal Partner, Emirates, for their on-going support, and all our corporate partners for their involvement in the life of the Orchestra; our subscribers, Patrons, and our Friends, and particularly the Friends' President to the end of 2009,

David Taylor and his Committee, for their tremendous dedication to the MSO's success.

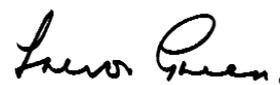
My sincere thanks to the Australian Broadcasting Corporation and, in particular, **ABC Classic FM**. 57 of the Orchestra's concerts were broadcast in 2009, allowing our work to reach more than a million people a week across Australia. 774 ABC Melbourne provides invaluable promotional assistance throughout the concert year. We enjoyed something of a landmark collaboration with ABC Classic FM in September, when we presented the grand finale to the network's **Top 100 Symphony Countdown**. As with **Ears Wide Open**, Hamer Hall was filled with a very different audience to those who attend our regular subscription events.

Long-serving musicians who retired during the year were Rudolf Osadnik (Principal Second Violin), Tony Smith (Section Double Bass) and Andrew Weiss (Cello). Rudolf first played with the MSO in 1963, and Tony in 1975. Andrew Weiss, too, had been with the Orchestra for more than 30 years.

I enjoyed my 11 years with the MSO enormously and have been very privileged to be its Managing Director. The Company has never been a one-man band, and the considerable successes and great achievements are all down to the MSO team of Board, Orchestra and Administration. For me this has been a very special quality of the organisation. The senior management team and the administrative staff, in particular, are the MSO's 'engine room,' and to them goes much of the credit for their ability to take on

my dreams and see them through. Special thanks from me to Julia Bryndzia, who supported me so amiably for nine years and helped me achieve more by creating the space I needed to develop new ideas.

My best wishes to my successor, Matthew VanBesien, and the talented people who work with him, in meeting the challenges before them and taking this wonderful ensemble to new heights.



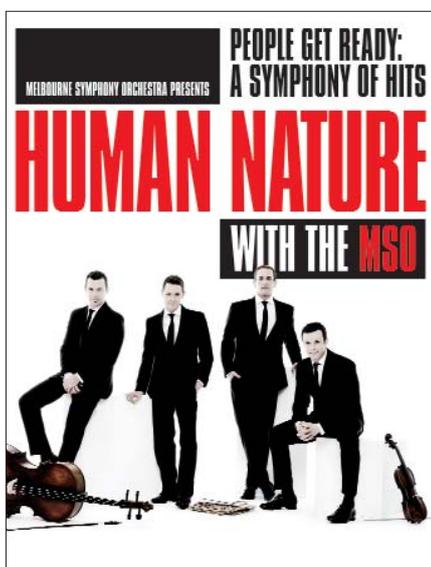
TREVOR GREEN
Managing Director

THE YEAR IN PERFORMANCE

In 2009, the Melbourne Symphony Orchestra formally launched its artistic review panel initiative, following its successful trial implementation in 2008. Key members of Melbourne's arts community were invited to provide in-depth feedback about the artistic quality of the company's core series.

It was our aim for this Peer Review Panel to generate a broad range of informed critical views regarding the Orchestra's performance, and it forms an important part of the MSO's self-assessment processes. This new initiative complements the existing internal feedback mechanisms and provides the Managing Director and the Director of Artistic Planning with an additional resource and point of reference when formulating future programming.

Feedback provided through the Panel enables the MSO to compare internal artistic views of its concert series against external industry opinions, ensuring that internal standards continue to be in line with industry standards and expectations.



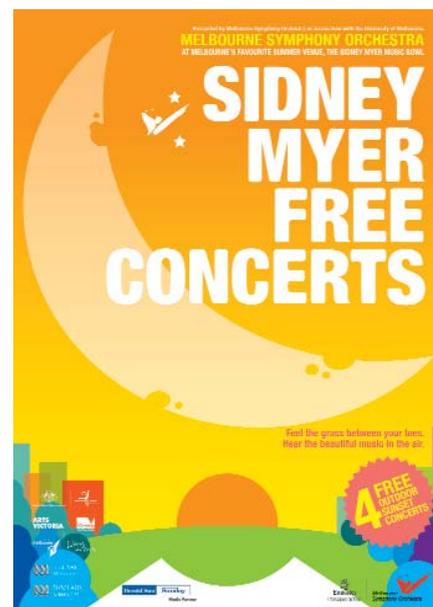
Another exciting development for 2009 was the appointment of Brenton Broadstock as the MSO's 2009 Composer-in-Residence, made possible through the Vice Chancellor's Fellowship Program at the University of Melbourne. Brenton was commissioned to write three works across the year, spanning three different concert series, as well as contributing significantly to the Orchestra's Artist Development and Education and Outreach programs.

The Orchestra's 2009 season opened with two commercial events – the visits of **Roberta Flack** and **Human Nature**. Human Nature delighted the audience with performances of their entertaining show, while their orchestral arrangements were of a high order; and the Orchestra was of course delighted to work with such a legendary artist as Roberta Flack. We were also humbled by her generosity in staging an extra fund-raising performance to aid the victims of the February bushfires.

A notable MSO event shortly after these performances was the final of the annual **Cybec 21st Century Australian Composers Program**. The evening, hosted and conducted by Brett Kelly, showcased four works by composers under the age of 30. The works by Elias Constantopedos and Lorenzo Alvaro went on to be conducted by Matthias Pintscher at the 2009 Metropolis Festival and broadcast live around Australia on ABC Classic FM.

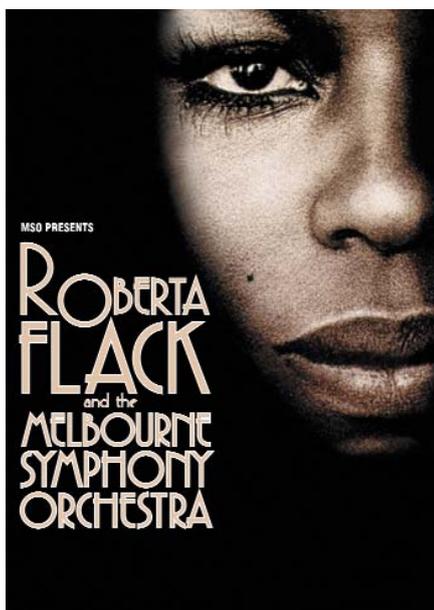
The Orchestra also took part in the official opening events in the **Melbourne Recital Centre**. The acoustics in the venue are superb and the main hall, Elisabeth Murdoch Hall, has a marvellous atmosphere; on the opening night, the Orchestra excelled in performances of Schoenberg and Wagner.

2009 marked the 50th anniversary of the **Sidney Myer Music Bowl**. To celebrate the

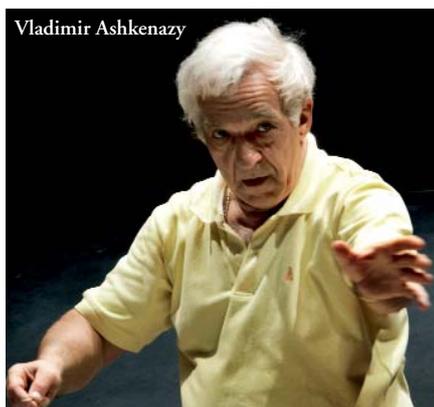


occasion, then Chief Conductor and Artistic Director **Oleg Caetani** conducted all four February programs, three of which featured young Australian soloists, including pianists John Chen and Amir Farid, and a cast of solo singers for Beethoven's Symphony No.9. The first program replicated that of the very first concert given in the Bowl, 50 years to the day after that event, including Robert Hughes' *Essay for Orchestra*. These concerts took place in the shadow of the Black Saturday fires, with the MSO collaborating with the Arts Centre to raise funds each evening for the Red Cross' bushfire appeal.

A matter of days after those catastrophic Victorian fires, the MSO was honoured to play an important role in **Together for Victoria**, the Day of Mourning and Memorial Service held at Rod Laver Arena to honour those lost in the fires and the communities affected so profoundly by the disaster. With massed choirs representing communities from around the State; the MSO, Opera Australia and Victorian Opera choruses; orchestral



musicians from the Australian and Melbourne Youth orchestras, and the Australian National Academy of Music; and many instrumental and vocal soloists, performing under three different conductors and as part of a live ABC TV broadcast, this was a complex event for which the artistic and operations teams co-ordinated the MSO's involvement with great dedication. The result was a real credit to the staff and musicians.



The visit of **Vladimir Ashkenazy** in March 2009 was an opportunity for the musicians to work with an iconic musician. For his Master Series program, we were also delighted to welcome back the Dutch violinist **Janine Jansen** to collaborate with Maestro Ashkenazy, while the program also featured a work co-commissioned by the MSO and the Helsinki Philharmonic Orchestra from one of contemporary music's most important figures – the Finnish composer Einojuhani Rautavaara.

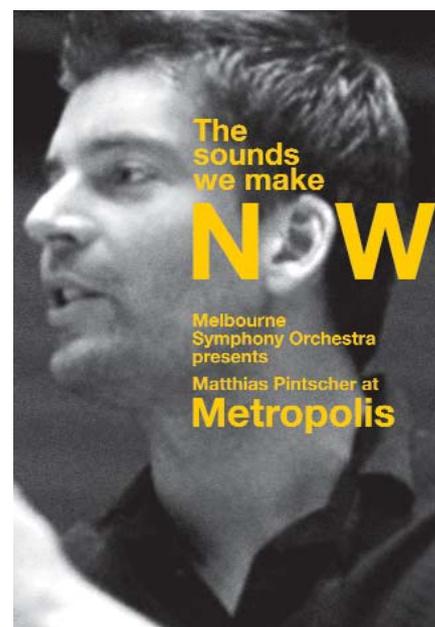
The other outstanding performance from the period was of more traditional fare – Mendelssohn, Beethoven and Stravinsky with the Scottish conductor **Douglas Boyd**. He was clear, demanding and energetic and brought a real style to the Orchestra's performances of classical repertoire.

The **Metropolis** project for 2009 at the Malthouse, in April and May, proved to be very successful. The three concerts were conducted and programmed by the German composer Matthias Pintscher, who – at only 38 years old – is one of the world's most significant composing talents. It was a coup for the MSO to attract such a figure, who made available two weeks in Melbourne between his conducting debuts at Carnegie Hall and the Berlin Philharmonic.

Each of the three **Metropolis** concerts featured a major score of Pintscher's and, of the 12 works performed across the three concerts, nine were Australian or world premieres. The Orchestra was able to welcome back its former Associate Principal Trumpet – Tristram Williams – as soloist in Zimmermann's Trumpet Concerto (this concert was presented in association with the Melbourne International Jazz Festival), while the programs also featured works from the MSO's Cybec 21st Century Australian Composers Program. The MSO also presented

an additional concert as part of the 2009 **Metropolis** project in collaboration with the **Australian National Academy of Music**; members of ANAM and the MSO sat side-by-side in a performance of Wolfgang Rihm's epic *Jagen und formen*. The collaboration with Matthias Pintscher garnered positive comments from the Orchestra, as well as outstanding reviews from the press.

Another great success in April was the first concert in our new series of adult education events, **Ears Wide Open**, presented and conducted by **Richard Gill**. Gill unveiled new aspects of Dvořák's Symphony No.6 to audience and Orchestra alike. This concert responded to some of the issues raised in the MSO's 2008 Segmentation Study, including the wish from some of our audiences for shorter programs, verbal communication, different start times and changes in presentation. It was clear that the audience were of a different generation to the vast majority of MSO concert-goers and keen to



THE YEAR IN PERFORMANCE CONT.



Richard Gill

experience something new. The success of this inaugural event can be judged by the larger audience for the second **Ears Wide Open** concert, which was presented in July.

On that occasion, Gill's subject was Vaughan Williams' *Fantasia on a Theme by Thomas Tallis*. Having set ourselves the target of filling the stalls seating in the first year of this series, it was heartening for this program to not only have filled the stalls, but the circle as well. This series expands to three performances in 2010 across different venues.

Also in April, the **Melbourne Symphony Orchestra Chorus** performed its first *a capella* program with great success at the 2009 Castlemaine Festival, where they sold out two performances under the direction of their chorus master, Jonathan Grieves-Smith.

Following **Metropolis**, the MSO's second Town Hall program of the year featured more traditional fare: Rachmaninov's *Rhapsody on a theme of Paganini*, followed by Tchaikovsky ballet music. The conductor for the evening

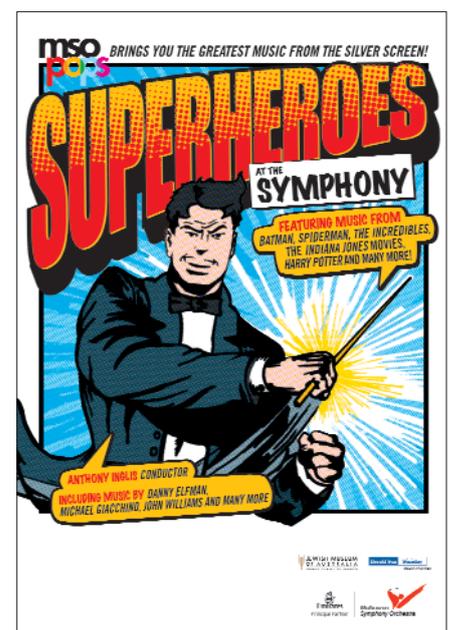
was a young American, **Andrew Grams**, who – as a former member of the violin section of the New York City Ballet Orchestra – was steeped in this repertoire. The results were extremely polished and enraptured a capacity audience.

Yan Pascal Tortelier visited in June. He is an old friend to the MSO and his concerts were extremely exciting, featuring repertoire which showed off his extraordinary brand of musicianship. The performances of Prokofiev's Symphony No.5 and Rachmaninov's *Symphonic Dances* were highlights of the season. Three outstanding pianists graced the MSO in May and June, with playing of extraordinary polish: the duo pianists **Sivan Silver and Gil Garburg** in Mendelssohn's Concerto for Two Pianos and **Imogen Cooper** in Mozart's A major Concerto, K.488.

There were highlights in non-traditional presentations in the middle of the year. Anthony Inglis, in a Pops program entitled **Superheroes at the Symphony**, once again

proved to be a master of the Pops format, entertaining an audience of all ages; the encore, of the theme from *Superman*, conducted in a full *Superman* costume will live long in the memory. And three full Hamer Halls greeted **Classical Mystery Tour**, a Beatles tribute act from the U.S. This program was equally popular with guests at the 2009 MSO fund-raising Gala, which was held around the first performance.

Other important activities in this period were a week of **Classic Kids** performances conducted by the Orchestra's Education conductor for 2009, **Benjamin Northey**; a day of workshops with members of the **Melbourne University Composers' Program**; a performance on ABC Television's **Spicks and Specks**, as guests on the show's 200th episode, telecast in November 2009, conducted by Brett Kelly; and the first concert in the MSO's Chamber Players series, featuring the first of three works from our 2009 **Composer in Residence**, Brenton Broadstock.



On the Education front, the winter months witnessed a wealth of activity. The **Australian Youth Orchestra String Fellowship** scheme saw nine young musicians based with the MSO for a week, playing alongside and learning from some of Australia's finest orchestral musicians. A record five students passed their casual auditions at the end of the week and are now on the MSO's casual musicians list.

Our ongoing collaboration with ArtPlay in the **MSO/ArtPlay Ensemble** resulted in 27 Melbourne youngsters interacting with MSO musicians during each of the school holiday periods during 2009, creating original music under the leadership of Gillian Howell.

Teams of **MSO Outreach** musicians visited schools across the city and in Geelong, including Abbotsford, Reservoir and Tyabb Railway Station Primary Schools and Craigieburn Kindergarten through the Schools Pledge program, while seven MSO musicians held two jam sessions with children in the fire-ravaged region of Yarra Glen.

A major highlight of the orchestral season was the visit of **Sir Andrew Davis** for two weeks in August. Each of his concerts was outstanding from an artistic perspective, while his warmth, musicianship and personality charmed audiences and Orchestra alike. His first program centred on the British repertoire that is such a speciality of his, including Vaughan Williams' *Fantasia on a Theme by Thomas Tallis* (previewed in **Ears Wide Open** a few weeks earlier) and Elgar's rarely-performed masterpiece *Falstaff*. One of the key events of Sir Andrew's tenure at the Lyric Opera of Chicago, where he is Music Director, has been his performances of Wagner's *Ring Cycle*, so it was fitting that he brought excerpts of *Twilight of the Gods* for his second program. The soloist in the *Immolation Scene* and in Strauss' *Four Last*



Melbourne Symphony Orchestra Chorus
Jonathan Grieves-Smith Chorus Master

Songs was the American soprano – and reigning Brünnhilde at the Metropolitan Opera – Christine Brewer. It is rare to hear singing of this quality in Australia.

The other highlight from the period was the visit of Boston Pops conductor **Keith Lockhart** for a challenging jazz-based program that featured the world premiere of a concerto by Brenton Broadstock in his capacity as composer-in-residence, *Made in Heaven*, written for the virtuoso multi-instrumentalist **James Morrison**. This was the first time that an MSO "Pops" program had been performed in a venue other than Hamer Hall and the performance in Costa Hall, Geelong, was sold out. The performances really took off and proved an exciting end to our Pops series for 2009. Around this time, the Orchestra also worked for three successive weeks with the Australian, German-based conductor Nicholas Milton; Nick is one of the most exciting Australian conductors and it was great to witness a packed Melbourne Town Hall for his performance, before two weeks of regional touring.

The **MSO Chorus** spent the middle part of the year deep in rehearsal for their first *a capella* concert in Melbourne, held at the Melbourne Recital Centre on Sunday 26 July. They then took the same program to Sydney, for their Angel Place debut on 22 August. Under the leadership of Jonathan Grieves-Smith, both concerts were exceptionally well-received and reviewed.

There was extensive **Education and Community Outreach** work in this central part of the year, including exceptional schools concerts on regional tour in Ballarat, Bendigo, Shepparton, Warrnambool, Hamilton and Horsham under Nicholas Milton's direction; on-going events in our School Pledges and Hire-a-Hero programmes; outreach work in Geelong and Jams in both Ringwood and at BMW Edge.

The MSO co-presented a concert in September at Hamer Hall as the culmination of **ABC Classic FM's Top 100 Symphony Countdown**. The Countdown had generated considerable interest in radio and print media,

THE YEAR IN PERFORMANCE CONT.



and a packed Hamer Hall listened as Graham Abbott guided the MSO through works by Beethoven and Saint-Saëns, before a complete performance of the nation's favourite symphony, Dvořák's Symphony No. 9, *From the New World*. The performance was hosted by ABC Classic FM presenters Emma Ayres and Mairi Nicolson, and was broadcast live around Australia.

The **launch for the MSO's 2010** season took a new direction from the usual event of this kind. We staged two short concert presentations with the full Orchestra in late September in Hamer Hall, to which we invited subscribers, corporate supporters and private donors. These events, hosted by ABC radio personalities, featured repertoire highlights from the forthcoming concert year, conducted by **Benjamin Northey**, and short interviews with orchestral musicians. This was a highly effective way to introduce some of the 2010 concert highlights to our supporters,

and, thanks to the hard work of our Marketing colleagues, we were able to take subscription renewals on the spot. We plan to present our next season launch in this format in September 2010.

In the final quarter of 2009 we consolidated our presence in the Melbourne Recital Centre in two highly successful programs. Our final program there featured the German period instrument specialist **Reinhard Goebel** in repertoire including Mozart and Haydn. This was a real highlight of the season, with Maestro Goebel inspiring the players to exceptional levels of playing in Classical repertoire through his artistry and scholarship.

Overall, our series at the Melbourne Recital Centre was one of the year's most exciting developments. These three subscription programs, plus last year's acoustic testing and the opening weekend concert in February, have given players and management a clear idea of what works best in this exceptional acoustic space.

Events at the Arts Centre in October included two projects for the **Melbourne International Arts Festival**. They were highly contrasting: a full orchestral concert at Hamer Hall of contemporary Australian music, featuring Julian Yu's adaptation of Mussorgsky's *Pictures at an Exhibition*, plus the world premiere of Brenton Broadstock's *Tyranny of Distance*; and a string orchestra in the pit in the State Theatre, accompanying Berlin's Sasha Waltz Dance Company and the VocalConsort Berlin in Pascal Dusapin's harrowing opera *Medea*.

In addition to the changes necessitated by Oleg Caetani's departure from the MSO, one of the star attractions in our 2009 season – Korean soprano Sumi Jo – cancelled her November appearances at Hamer Hall due to injury, at short notice. We were fortunate to

secure the services of the Australian coloratura soprano **Emma Matthews** as a replacement, and her performances with the MSO were a triumph. Special mention should also be made of the young British conductor for these concerts, **Alexander Shelley**, who not only accommodated all of the changes of repertoire at two weeks' notice, but conducted the entire program from memory.

Tadaaki Otaka, the MSO's incoming Principal Guest Conductor, continued his successful relationship from his last appearances here in May 2008, stepping in for Oleg Caetani for the last Master Series program for 2009. The concerts included Brahms' *Song of Destiny* with the MSO Chorus, a collaboration which will be developed further in Benjamin Britten's *War Requiem* in 2010. All the performances of Brahms' Symphony No.2 and *Song of Destiny* in this program were recorded for future release as part of an MSO Live box set of Brahms symphonies.





Benjamin Northey

The MSO's annual performance of **Handel's *Messiah*** reached a new, quite exceptional standard in 2009. This was largely thanks to conductor **Stephen Layton**, an Englishman for whom *Messiah* is at the very core of his repertory. Layton generated a drama and excitement rarely heard in the work, while pushing the MSO Chorus to their most outstanding performances of the year; many choristers felt this to be a career highlight. The MSO and Chorus were joined by an outstanding cast of soloists, drawn from Australia and overseas.

Education work featured prominently in the last quarter of the year. Regional audiences were stimulated by Richard Gill's masterly presentation of **Classic Kids** in Sale and Warragul while the series continued with a week of sold-out performances in the Iwaki Auditorium in November, under **Benjamin Northey's** direction. In fact a real highlight of Education activity in 2009 was Benjamin

himself – the MSO's Education Conductor – and his presentation and conducting of the **Meet the Orchestra** and **Meet the Music** programs in Hamer Hall. Benjamin has a real flair for this work and a great ability to communicate with younger audiences. Focusing on great repertoire – Stravinsky's *Firebird* Suite and Mussorgsky's *Pictures at an Exhibition* – Benjamin took these concerts to new heights through his ability, manner, the use of technology and imaginative programming; the concerts were also live-streamed by the MSO to give us a test case for the possible streaming of future concerts and the quality that is achievable for modest expense.

Members of the MSO Chorus conducted a thorough evaluation of their audition process during the second half of 2009, resulting in the decision to a) maintain an audition panel consisting of the chorus master and repetiteur, b) publicise the audition process on the MSO website and c) ensure that each candidate for audition signs their agreement to the process in advance.

During the year, numerous MSO performances at Hamer Hall were recorded for possible release on the Orchestra's **MSO Live** CD series on ABC Classics; these included Brahms' Symphony No. 2 and the *Song of the Destiny* (the latter with the MSO Chorus), Mendelssohn's Violin Concerto and the concert aria *Infelice!* (with soloists Ilya Gringolts and Rachelle Durkin). Studio recording projects included sessions with Rosario La Spina and David Hobson for ABC Classics. Although there were no sessions as part of our on-going relationship with Chandos in 2009, the MSO will resume recording for the international label in 2010.

The Orchestra's highly successful series of Sunday morning chamber music presentations, **MSO Chamber Players**,

continued in 2009. Always popular with the audience, the highlights included a program of music and readings inspired by the Brontë sisters, featuring Helen Morse as narrator; the world premiere of Brenton Broadstock's *Hall of Mirrors*; the rarely-heard Saint-Saëns Septet, and a performance of Mozart's Divertimento in E flat that was also heard at the Queenscliff Music Festival.

HUW HUMPHREYS
Director of Artistic Planning



Damien Eckersley Double Bass, Steve Reeves Principal Double Bass,
Andrew Moon Associate Principal Double Bass

ARTISTIC SELF-ASSESSMENT PROCESSES

Internal Processes

In 2009, the MSO **Artistic Committee** was made up of management representatives, the Chief Conductor, Concertmaster, and elected musicians. Its main purpose is to assess the quality of past performances, performers and performance standards of the orchestra and to assess upcoming projects.

During 2009, the Artistic Committee met on six occasions. All meetings are minuted and the agenda items included, but were not limited to

- Review of performances in 2009, including soloists and conductors;
- Orchestral performance standards;
- Audition processes;
- Commercial projects;
- Rostering issues;
- 2010 repertoire and plans;
- Future artistic leadership issues.

In addition, the newly formed MSO **Artistic Leadership Committee** comprises four management representatives (including one board member), and four elected MSO musicians from the Artistic Committee.

Its main purpose is to consider various Artistic Leadership models as well as identify and research potential Chief Conductor candidates for consideration.

The MSO has a formal and transparent procedure for managing artistic proficiency for its orchestral musicians. This process continues to be refined.

External Processes

The MSO's concerts continue to be reviewed on frequent basis through the media, primarily through Melbourne newspapers. More than 80% of its mainstage concerts had published reviews in 2009.

Visiting artists (both conductors and soloists) continue to provide feedback through informal discussions with the Director of Artistic Planning and/or the Managing Director. Where appropriate, this feedback was then tabled at the Artistic Committee meetings for further discussion. Through these discussions, the MSO was able to obtain these artists' feedback about the performance of the Orchestra and benchmark the Orchestra's performances against other orchestras where the artist had worked.

The MSO continues to receive feedback from recording partners with each program recorded through ABC Classic FM receiving a Live Music Production Advice, which contains an assessment of the performance by the Orchestra as well as views on its suitability for broadcast.

The MSO also received audience feedback informally through letters, website feedback, verbal feedback in person at the concerts and well as via telephone and social.

In 2009, the MSO also implemented an **online artistic survey**. Feedback was collected from a number of external industry professionals with regards to the artistic standards of MSO concerts and activities. All feedback collected was provided anonymously and then used for internal purposes when reviewing the performance standards of the orchestra, featured artists, conductors and concert presentation and programming.

The MSO **Education Advisory Group** was established in 2009, and comprises management representatives, external specialists in Music Education, and elected MSO musicians. Its main purpose is to review MSO Education activity, consider and ensure said activity is in line with the current state curriculum and to provide a forum in which MSO Management and players can access expert advice.

AUDIENCE ACCESS TO THE MSO

The Orchestra attempts to create a balance between the financial viability of our operations and the need to remove barriers to entry for many members of the community.

Price

The Melbourne Symphony Orchestra's 2009 pricing policy offered a diverse pricing structure, with single tickets ranging from \$20 to \$155 and new and existing subscribers offered up to 35% discount on single ticket prices, ensuring that the Melbourne Symphony Orchestra experience remained affordable to music lovers throughout the community. The Melbourne Symphony Orchestra offers special incentives to the following groups with special needs:

- **Students**, through an extensive education program and low-price tickets to main season concerts. \$20 'student rush' tickets are available one hour prior to every performance of the main season (unless already sold out).
- **The elderly**, through low-price single and subscription ticket options to the concert season, including weekend matinees with Senior discounts available for selected concerts.
- **Young people**, through special concert Education Passport packages designed to introduce them to orchestral music and the benefits of subscription for only \$15.
- **The physically impaired**, through performances in venues which provide access to people with disabilities, and through cooperation with Arts Access, in which the MSO provides a complimentary ticket to a carer accompanying a concertgoer with a disability.

The Melbourne Symphony Orchestra also delivered its long-standing commitment to free concerts with four free performances in February 2009 at the Sidney Myer Music Bowl, before an audience of 40,000.

Location

The MSO continues to use a variety of venues within the City (The Arts Centre – Hamer Hall, Melbourne Town Hall, Sidney Myer Music Bowl, ABC Southbank Centre and CUB Malthouse) as well as greater metropolitan venues, including Robert Blackwood Hall at Monash University in the south-eastern suburb of Clayton, and the Frankston Cultural Centre. The Orchestra presents a five-concert subscription season at Costa Hall in Geelong, and also performed in the regional centres of Ararat, Ballarat, Bendigo, Dandenong, Frankston, Hamilton, Horsham, Sale, Shepparton, Warragul and Warrnambool, giving schools and evening concerts in each venue.

Listening Opportunities

As an independent company since 2007, the organisation continues its long relationship with ABC Classic FM, with all major concert programs being broadcast nationally. These broadcasts give the opportunity for the whole of Australia (both regional and metropolitan centres) to access the work of the MSO. 57 concerts were broadcast in 2009.

EDUCATION AND COMMUNITY OUTREACH

YOUNG ARTIST DEVELOPMENT

The annual **Cybec 21st Century Australian Composers Program** saw two young Australian composers – Elias Constantopedos and Lorenzo Alvaro – complete a commission for an ensemble of MSO musicians in 2009. Both under the age of 30, the composers were from Melbourne and Sydney and had spent several months working with their mentors – Julian Yu and Matthew Hindson – on their ten-minute composition. The pieces were premiered at the Orchestra's Metropolis concerts in May 2009.

The Cybec 21st Century Australian Composers Program is made possible through the generous support of the Cybec Foundation.

2009 Young Performers Awards

The Melbourne Symphony Orchestra adjudicated two rounds for the 2009 Young Performers Awards. There were 53 applicants for the first stage of the competition, which was adjudicated by David Berlin, Dean Sky-Lucas, Andrew MacLeod, Jonathan-Grievies Smith, Huw Humphreys and Stephen Snelleman. Of these applicants, 12 were successful in continuing on to the next stage of the competition. The adjudicators for Stage Two of the 2009 Young Performers Awards were Graham Abbott, Barbara Jane Gilby, Huw Humphreys and Roy Theaker.

Australian Youth Orchestra / Melbourne Symphony Orchestra String Fellowships

The Melbourne Symphony Orchestra continued its collaboration with the Australian Youth Orchestra in the presentation of the String Fellowship program.

Nine string players from across Australia spent one week in Melbourne being mentored by an MSO musician while preparing for a casual audition with the Orchestra. Students also participated in professional development sessions covering a variety of topics including media training, audition preparation and life in an orchestra.

Five students passed their casual auditions at the end of the week and are now on the MSO's casual musicians list. Four musicians progressed to Stage II of the program, in which they continued the relationship with their MSO mentor whilst rehearsing and performing with the MSO for two to three weeks.



Snare Drum Award

An initiative of MSO musician Robert Cossom, the MSO Snare Drum Award continued in 2009, with ten first- and second-year tertiary percussionists from Melbourne, Sydney and Brisbane auditioning in Stage I. Three students progressed to the performance final of Stage II, with Sumeet Singh from the University of Melbourne winning the Award – a Mastro concert snare drum and case, a bitsandpieces trap table, and a one-year mentorship with the Melbourne Symphony Orchestra.



Winners of the 2009 Cybec Awards
Elias Constantopedos *Moda* (left) and
Lorenzo Alvaro *Light without Heat*

EDUCATION AND COMMUNITY OUTREACH CONT.

ADULT EDUCATION

Pre-Concert Talks

These talks, attended by concertgoers of all ages, were given before MSO performances held in Robert Blackwood Hall, Monash University; Deakin University, Waterfront, Costa Hall, Geelong; and in all regional tour venues.

Conductors in Conversations

Huw Humphreys, the MSO's Director of Artistic Planning, hosted pre-concert discussions with a number of great musicians throughout 2009. Those interviewed included Matthias Pintscher, Gerard Schwarz, Yan Pascal Tortelier, Ilan Volkov, Sir Andrew Davis and Keith Lockhart.

Ears Wide Open

Richard Gill took audience members on a guided journey of two masterworks, the Symphony No. 6 by Dvořák and *Fantasia on a Theme by Thomas Tallis* by Vaughan Williams. This initiative by the MSO in 2009 saw audience members of all backgrounds and ages in attendance, including a number of VCE Elective music students.

PROGRAMS FOR SCHOOL-AGED CHILDREN

Schools Concerts

The MSO presented schools concerts in metropolitan and regional Victoria throughout 2009. The program reached more than 24,500 students through concerts including **Classic Kids**, **Meet the Orchestra**, **Meet the Music** and **Up Close and Musical**.

Each school attending a Melbourne Symphony Orchestra concert had access to teaching resources provided on the MSO's website and a free six-month subscription to Naxos Online. Resources



Meet the Orchestra, November 2009

included background information about the composers and music heard in school performances and suggested classroom activities.

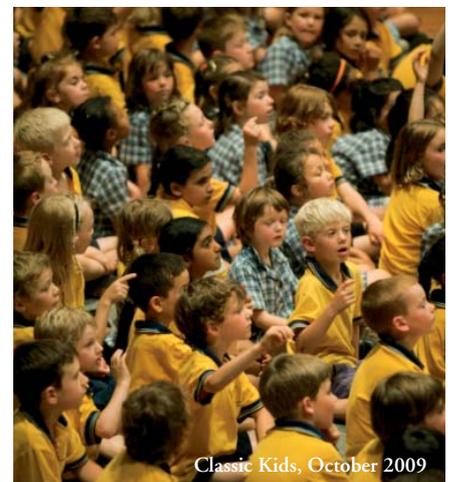
Education Passports

The discounted three-concert subscription package, available to school groups, music schools and home educators, continued in 2009. For the first time, Passport holders had the opportunity to subscribe to the MSO's Monday night **Great Classics** series, as well as Thursday **Master Series** concerts. Approximately 350 teachers, parents and students enjoyed the experience of live orchestral performance through this program.

Family Classic Kids

In the eight **Family Classic Kids** performances in 2009, we welcomed around 3,200 children and parents to the Iwaki

Auditorium. The concerts, held on Saturdays, are open to families as a way of introducing their children to the symphony orchestra, its instruments and some great classical music.



Classic Kids, October 2009

Classic Kids, October 2009



COMMUNITY OUTREACH

In 2009, we doubled the number of Community Outreach projects we fulfilled in 2008, from 52 to 105. These projects explored the power of music to connect people, and created opportunities for groups and individuals to interact and collaborate with musicians from the Orchestra in diverse ways.

More than 50 MSO musicians – both permanent and casual – were involved in Outreach projects throughout 2009, with many participating in more than one project during the year. With an increase in demand, the MSO introduced Teaching Artists to lead projects and train orchestral musicians. The number of participants for each project varied from as little as 20 through to 100, with more than 8,400 people accessing the program across the year.

Projects in Schools

Community Outreach projects took MSO musicians into schools across metropolitan and regional Victoria through the Hire a Hero and School Residencies programs. These highly popular projects included masterclasses, creative workshops, tutorials for instrumental groups and ensembles, and Jams.

Shell Geelong Projects

Shell's support of the Community Outreach program concluded a three-year partnership with the MSO in 2009, allowing more schools and community groups in the Geelong/Corio area greater access to MSO musicians. This year's projects included:

School of Rock and the Refinery

MSO musicians guided staff of the Shell Refinery and local secondary students in a collaborative workshop in the Shell refinery.

Gallery Workshops with VCE students

Six musicians from the MSO worked with 60 children from Torquay and North Geelong at the Geelong Gallery May 11 2009 to create music to which the students created artwork.

Geelong Grammar Junior School Workshop

Sheldon King led two one-hour sessions with school children from the Corio area in a music-making session, held at the Junior School campus of Geelong Grammar.

Geelong Secondary School Visits

Kardinia International College, Flinders Peak Secondary College, North Geelong Secondary College and Lara Secondary College were each invited to host MSO musicians for a day of workshops in their respective schools. Working with five members of the MSO, music students created their own compositions in a collaborative workshop over the course of five hours.

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MEDIA RELEASE

MSO Jams at Shell's School of Refined Rock

25/03/2009

Relaxing their usual classical style, the Melbourne Symphony Orchestra (MSO) rocked out at Shell Geelong Refinery with northern suburbs secondary school students in a jam session/workshop earlier this week.

The opportunity of working with members of the prestigious orchestra drew teens from Corio Bay Senior College and Western Heights College to the refinery.

The aspiring musicians spent the morning composing riffs and themes, skillfully combining their efforts at the end of the workshop into a final performance for the pleasure of refinery employees and teachers attending the concert.

Shell's Community Development Officer, Natalie Lewington, was among the admiring audience.

"I was amazed to see how quickly the teenagers, many of whom didn't know each other before today, worked so well together to create a piece of music from scratch," Natalie said.

"We were privileged to see the musicians of today and tomorrow working so well together.

"In previous years of the Shell MSO Outreach Programme, MSO musicians visited only one secondary school a year. This year Shell wanted to get as many secondary students involved as possible, and to create an environment for young musicians to meet their peers from other schools."

Katherine Kerezi, MSO's Manager of Education and Community Outreach said "MSO are delighted to be part of a process which brings the community together in such a positive way. The collaboration with Shell Refinery has been nothing but a positive experience and it has been wonderful for our musicians to be part of this fantastic initiative".

The Shell-sponsored MSO Outreach Programme has been running in Geelong since 2003, and continues in 2009, again including inspiring musical workshops at local northern suburbs primary schools, an art workshop in the Geelong Gallery and free concerts at community centres and neighbourhood houses.

ENDS

For information contact: Joan McGovern - Tel: 5273 8410 Mob: 0404 088 758

EDUCATION AND COMMUNITY OUTREACH CONT.

Community Centres

A string quartet featuring MSO musicians Roger Young, Lynette Rayner, Rohan De Korte and Danielle Arcaro performed at the Cloverdale Community Centre, Rosewall Neighbourhood House and Lara Community Centre.

Allans School Workshops

With the support of Allans Music, MSO musicians gave Jams in the Yarra Valley and Ballarat regions of Victoria.

PING – Remote Music Education Pilot Program

The project known as **Ping** is an online, interactive project that provides music education to middle year students in rural and regional Victorian schools.

Ping aims to develop new collaborative models for music and arts education for the 21st century by using innovative e-learning tools such as music composition programs, video conferencing, online tutorials, blogs and forums to deliver music education to rural and regional schools. **Ping** incorporates three different types of learning – an online blended learning program, online master class workshops and online performance experiences.

The online blended program encourages students to participate in music and music composition through singing and notation workshops. Video tutorials are designed to get students composing, recording, and working in group activities including singing and percussion. Students upload compositions to the **Ping** website where their peers, teachers, and musician mentors make comments and provide feedback through forums. Students can also create personalised blogs to document their musical

journey. The MSO contributed to the online program through online tutorials in 2009.

The online masterclasses, pre-concert workshops and online performances provide opportunities for students in regional and rural locations to experience professional concerts and communicate with elite performers through the use of audio/video and text chat applications.

Ping will build the capacity of rural schools and communities to deliver music education programs, provide greater access for rural and regional schools to elite, city-based performance companies, and strengthen the ICT and music skills of generalist teachers.

Ping is a collaboration between The Song Room, Melbourne Symphony Orchestra, Orchestra Victoria, Victorian Opera, Country Education Project and 3MBS FM, and is funded by the Victorian Government.

Schools Residency Program

The 2008 Gala focused on raising funds for the Education and Community Outreach program, and more specifically for Schools' Residencies. Funds were raised to cater for five musicians to visit 30 Schools for a 2 ½ hour session. Targeted at schools in disadvantaged areas, the Schools' Residencies enabled more than 1500 students to take part in creative workshops with MSO musicians.

The Pizzicato Effect

The Pizzicato Effect is a collaborative project between Meadows Primary School in Broadmeadows (Melbourne) and the MSO, with the intention to improve through the joy of music-making the serious social and economic disadvantages children in that community are experiencing. Not only does it give these children opportunities to get acquainted with music, but through engaging in various new and challenging activities, they also gain important social skills and self-confidence.



The Pizzicato Effect, 2009

In support of the school's fundamental objective to become a specialist Performing Arts primary school, the MSO provides for the children:

- an individual 1/2, 1/4 or 1/8 size string instrument
- weekly group lessons with MSO musicians in school
- participation in three MSO concerts with their families and teachers
- performance opportunities

Violin and viola teacher Danielle Arcaro, and cello teacher Bonnie Smart, visited the school each Monday for term 2, 3 and 4 of 2009, teaching 96 Grade One and Two students.

MSO/ArtPlay Ensemble Program

The award-winning MSO/ArtPlay Ensemble program is a unique suite of collaborative projects between MSO musicians and young players aged 8 and upwards. The program focuses on composition and performance, and complements the young musicians' instrumental learning by providing opportunities for intensive development in composition, improvisation, ensemble skills and performance, along with access to MSO rehearsals, performances, conductors and soloists.

The MSO/ArtPlay Ensemble program aims to develop the *whole* musician, with a view to the kinds of skills and versatility that will be required of professional musicians in the 21st century. It is also training a new generation of active, informed, engaged *listeners*, building in participants a life-long appreciation of the orchestral music tradition.

Main Ensemble Graduate Ensemble

All young musicians who have completed the one-year Main Ensemble program are invited to continue their musical development as members of the Graduate Ensemble. The Graduate Ensemble program seeks to expand the young musicians' musical world, creating opportunities for collaboration with professional musicians from other musical disciplines and genres. The Graduate Ensemble musicians actively explore ways to make musical connections between these other disciplines and approaches, adapting and deepening their own musical language on their instrument.

The Graduate Ensemble expands each year with the inclusion of participants from the previous year's Main Ensemble. There is no upper age limit; the majority of Graduate Ensemble participants are teenagers; the median age in 2008 was 13-14 years.

The Graduate Ensemble began in 2007, and was convened intermittently in 2008 as an additional activity for enthusiastic musicians no longer eligible to participate in the Main Ensemble, and keen to continue their musical development with the MSO. The Graduate Ensemble worked with leather instrument ensemble Chordwainers in 2009. This project was generously supported by the Cybec Foundation and ArtPlay (City of Melbourne).

Saturday Jams with the MSO and Federation Square

In each Jam, over the course of an hour, participants develop an original piece of music, using whatever instruments and 'sound-makers' are to hand. Voices, instruments, hands and feet, newspapers, chopsticks and other paraphernalia are put to musical use in this afternoon workshop for families. The workshop culminates in a performance by participants, which is open to the general public. In 2009, eight metropolitan Jams were delivered in Federation Square at the BMW Edge performance space.

This project was generously supported by JPMorgan.

The Melbourne Symphony Orchestra's Education and Community Outreach programs are generously supported by the Iva Ronald Evans Foundation (Equity Trustees).



KATHERINE KEREZSI
Manager, Education and
Community Outreach

GOVERNMENT AND PRIVATE SECTOR SUPPORT

In spite of the Global Financial Crisis, the MSO has continued to engage its corporate and philanthropic stakeholders, both current and new, developing meaningful ways to drive revenue in 2010 and beyond.

Our greatly expanded sponsor base, predominantly secured in 2008, contributed \$1,098,200 in value, a tremendous 54% increase over 2008.

As Principal Partner of the MSO, Emirates offered exclusive prices on airfares to MSO supporters through the MSO website. Along with 21 other sponsors, from JPMorgan as Education Maestro Partner to Powercor as Regional Touring Partner, the MSO family of Partners made possible a wide range of invaluable social impact programs. As an example, some of these special programs benefited:

- school children in Broadmeadows through **The Pizzicato Effect**
- families of KPMG staff through MSO Jams
- under-privileged communities in North Geelong through the Shell Community Outreach Program
- education professionals throughout Victoria via the MSO Education Forum, supported by Allans Music

Special Projects around Victoria were also made possible by the generosity of the MSO's base of philanthropic supporters, from private individuals to Family Foundations. While the Patron Program is relatively new to the MSO, in 2009 our passionate fellowship of philanthropic supporters continued to invest in our great State's musical present and future, through a combination of gifts



Geoffrey Rush and Molly Meldrum at the 2009 MSO Fab Four Gala

(\$396,192), and grants (\$169,469) to the value of \$565,661. The Annual Instrument Fund was fully subscribed and able to fund 100% of the Percussion section's requirements, including a set of Baroque Timpani. New musical compositions through the wonderful ongoing support of the Cybec Foundation were funded and emerging Australian artists were supported as part of the work surrounding the MSO Foundation fundraising pledges.

In support of the MSO Foundation, one of the great successes of the year was the Annual Fundraising 'Fab Four' Gala. Presented by Principal Partner Emirates, this exclusive sell-out event was an opportunity for all MSO stakeholders to celebrate the magic of live orchestral music as a great night out. Attendees included Emirates' Melbourne Manager Dean Cleaver, MSO Ambassador Geoffrey Rush, major sponsors, Patrons, City of Melbourne councillors including

Deputy Lord Mayor Susan Reilly, and fans of the MSO such as Molly Meldrum, this year's co-host. Highlights included Molly and Geoffrey bantering at the microphone about life, love of music and famous interviews, plus the very generous pledge of \$100,000 by Heloise and Alex Waislitz to the MSO Foundation and announced by MSO Board member Ann Peacock.

The MSO, as one of Melbourne's great institutions, partnered with other great Melbourne icons, such as the L'Oreal Melbourne Fashion Festival, to help create the Fashion Festival's memorable Launch Event at Government House. Commonwealth Golf Club also partnered with the MSO for the second Annual MSO Golf Day, which brought together golf-loving musicians as part of Corporate or Patron teams. The trophy this year went to rogenSi and their Managing Director Rob Davie, nobly aided by Matthew Tomkins, a member

of the MSO's Second Violin section. The revenue generated by these types of events remains as valuable as the strengthening of relationships between MSO musicians and supporters.

To honour our supporters, the MSO also created exclusive events to add value to the relationships which we share with our sponsors and Patrons. The Spring Carnival Corporate Partners night brought the VRC, Emirates and Myer together at an exclusive MSO Open Rehearsal at the Melbourne Town Hall. Our MSO Morning Tea at the Sofitel introduced the new Managing Director of the MSO, Matthew VanBesien, to some of our long-term subscribers and included a performance by an MSO string quartet in Sofitel's Sofi's Lounge.

Events are a key engagement area for the MSO with both existing partners and prospective supporters, the latter of whom are not always aware of the breadth and depth of experience and benefits associated with being part of the MSO family. These benefits can range from unique, private moments to highly memorable concert experiences alongside 2,500 others; from

fine dining in a private room to our Annual Fundraising Gala with 300 VIPs; from open rehearsals to private performances; from cocktail parties with international guest conductors to informal wine tasting evenings off-site in the cellars of our wine sponsor. MSO Events, through the MSO Corporate Company program, ranged from four to 400 people, and revenue raised in 2009 was more than \$286,000.

The economic climate in 2009 did have an impact on both our philanthropic supporter base, through reduced dividends, and our corporate supporter base, who reined in much of their marketing, sponsorship and entertaining budgets. A difficult year for raising sponsorship and philanthropic contributions, however, ended on a very positive note with Myer confirming their sponsorship commitment as Presenting Partner of our new Metropolitan Town Hall Series in 2010, and with returned pledges to the Christmas Campaign for a new Steinway Grand Model D realising almost 75% of funds sought. These results took us into the new year with revived spirits.



John and Lois McKay with Jessica Frean at MSO Long-Term Subscribers Morning Tea at Sofitel Melbourne



Second tee – MSO Golf Day

FRAZER HUGHES
Director of Commercial Development

PATRONS AT 31 DECEMBER 2009

Maestro Patron \$10,000 - \$19,999

Rachel and Alan Goldberg
Bevelly and Harold Mitchell AO
Matsarol Foundation
Onbass Foundation
Elizabeth Proust
John and Cathy Simpson
Michael and Jenny Ullmer

Principal Patron \$5,000 - \$9,999

Kaye and David Birks
M P Chipman
Jennifer Gorog
Jill and Robert Grogan
Hartmut and Ruth Hofmann
Peter and Jenny Hordern
Mr and Mrs D R Meagher,
Dame Elisabeth Murdoch AC DBE
Ian and Jeannie Paterson
Schapper Family Foundation
Joy Selby Smith
Lyn Williams AM
Kee Wong and Wai Tang
Anonymous (1)

Associate Patron \$2,500 - \$4,999

Dr Bronte Adams
Will and Dorothy Bailey Bequest
Peter and Mary Biggs
The Cumming Bequest
Tim and Lyn Edward
Dr Helen M Ferguson
Nereda Hanlon and Michael Hanlon AM
Michael and Gillian Hund
Alwynne Jona OAM
Norman and Betty Lees
Mimie MacLaren
Bill and Pat Melleuish
Wayne and Penny Morgan
Marie Morton
Ann Peacock
Mrs M S Ross AM
Maria Sola and Malcolm Douglas
Gai and David Taylor
Mr Tam Vu and Dr Cherilyn Tillman
Peter and Susan Yates
Anonymous (4)

Player Patron \$1,000 - \$2,499

Marlyn and Peter Bancroft OAM
Mr Marc Besen AO and Mrs Eva Besen AO
Mrs S Bignell
Stephen and Caroline Brain
M Ward Breheny

Mr John Brockman OAM and Mrs Pat Brockman
Jennifer Brukner
Jill and Christopher Buckley
Paul Carter
Jan and Peter Clark
Judith M Connelly
Leslie J Darby and Miss Ann Darby
Panch Das and Laurel Young-Das
Pat and Bruce Davis
Robbie Eisner
William J Forrest AM
Susan Fry and Don Fry AO
Dr David Gale
Brian Gallery
David I Gibbs and Susie O'Neill
Merwyn and Greta Goldblatt
Colin Golvan SC
George H Golvan QC
Dr Marged Goode
Jan and Robert Green
Trevor Green
Jean Hedges
Louis Hamon
Peter Hartnell
Tilda and Brian Haughney
Hans and Petra Henkell
In memory of Ruth Hill
Dr Elizabeth A Lewis AM
Sandra and Leigh Masel
John A McKay
Lois R McKay
Dr Gabriele Medley AM
Jan Minchin
Dr Paul Nisselle AM
The Novy Family
Laurence O'Keefe and Christopher James
Lady Potter AC
Hugh T Rogers AM
Elzbieta and Tomasz Romanowski
Douglas Savige
Delina Schembri-Hardy
Max and Jill Schultz
Alan and Carol Schwartz
David Shavin QC
Gary Singer and Geoffrey A Smith
Lisl Singer
Dr Robert Sloane and Denise Sloane
Mr Sam Smorgon AO and Mrs Minnie Smorgon
Charles Sowerwine and Susan Foley
Margaret Tritsch
Mrs Barbara Tucker
P and E Turner
Bert and Ila Vanrenen

The Hon. Rosemary Varty
Sue Walker AM
Mrs Elaine Walters OAM and Mr Gregory Walters
Rod and Alison Watkins
Barbara and Donald Weir KSJ
Erna Werner and Neil Werner OAM
Willcock Family
Marian and Terry Wills Cooke
Ruth Wisniak and Prof John Miller AO
Anonymous (6)

Special Project Supporters

Cybec Foundation: Cybec 21st Century
Australian Composers Program
Helen Macpherson Smith Trust:
Ping – An Online Education Pilot Project
Rob Cossom: Snare Drum Award

Members of the Conductor's Circle

Jenny Anderson
Joyce Bown
Kenneth Bullen
Sandra Dent
Lyn Edward
Alan Egan JP
Ms Susan Henshall
Tony Howe
John and Joan Jones
Elizabeth Proust
Penny Rawlins
Mrs Joan P Robinson
Miss Sheila Scotter AM MBE
Molly Stephens
Pamela Swansson
Dr Cherilyn Tillman
Michael Ullmer
Mr Tam Vu
Marian and Terry Wills Cooke
Anonymous (19)

The MSO gratefully acknowledges the support received from the Estates of Peter Forbes MacLaren, Herta and Fred B Vogel, Gwen Hunt and Prof Andrew McCredie.

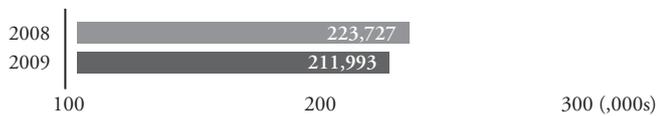
Honorary Life Members

John Brockman OAM
Professor John Hopkins
Sir Elton John

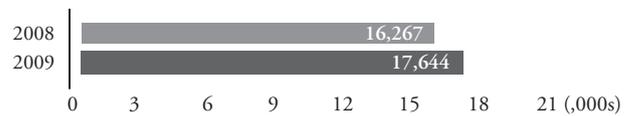
KEY PERFORMANCE STATISTICS

In 2009 the Melbourne Symphony Orchestra gave 166 performances to an audience of 211,993.

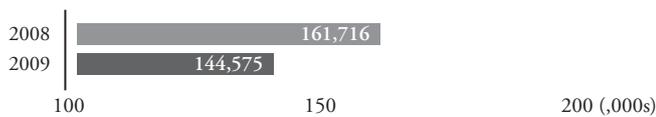
TOTAL AUDIENCE



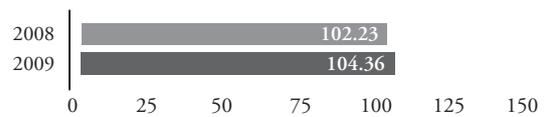
REGIONAL PAID ATTENDANCE including Geelong series



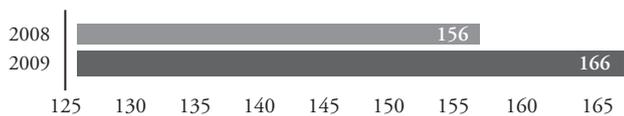
TOTAL PAID ATTENDANCE



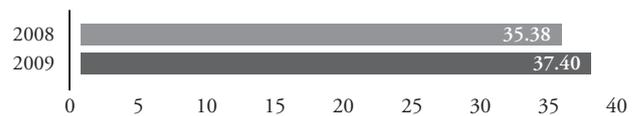
MUSICIANS (FTES) – AVERAGE THROUGHOUT YEAR



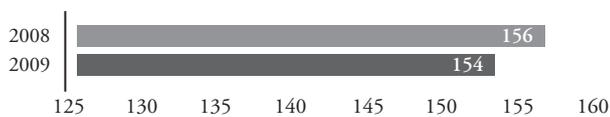
NUMBER OF PERFORMANCES



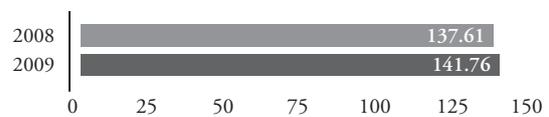
MANAGEMENT STAFF (FTES) – AVERAGE THROUGHOUT YEAR



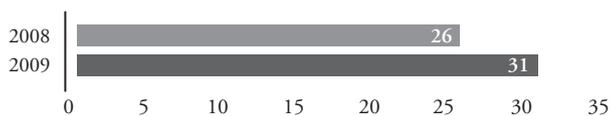
SELF PRESENTED CONCERTS



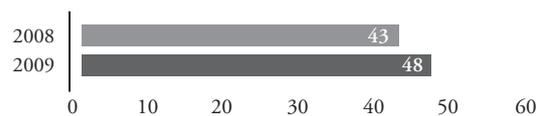
TOTAL EMPLOYEES (FTES) – AVERAGE THROUGHOUT YEAR



REGIONAL CONCERTS

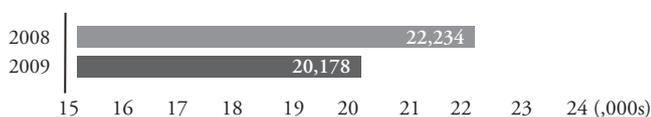


SCHOOL CONCERTS



SCHOOL CONCERT ATTENDANCES

including Regional school concerts and Family Classic Kids





Vicki Philipson Associate Principal Oboe, Michael Pisani Oboe,
Geoffrey Dodd Principal Cor Anglais, Jeffrey Crellin Principal Oboe

MELBOURNE SYMPHONY ORCHESTRA PTY LIMITED

ANNUAL FINANCIAL REPORT

31 DECEMBER 2009

ABN 47 078 925 658

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David Shafir **Second Violin**, Cong Gu **Second Violin**,
Monica Curro **Assistant Principal Second Violin**, Rudolf Osadnik **Principal Second Violin**

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their report together with the financial report of Melbourne Symphony Orchestra Pty Limited for the year ended 31st December 2009 and the auditor's report thereon.

DIRECTORS

The Directors of the Company during the financial year and until the date of this report were as follows:

Mr H Mitchell AO (Chairman)	<i>Director since 27 November 2008</i>
Mr T Green (Managing Director)	<i>Director since 8 February 1999 (ceased 29 January 2010)</i>
Justice A Goldberg, AO	<i>Director since 15 March 2000</i>
Dr B Adams	<i>Director since 24 November 2004</i>
Mr P Biggs	<i>Director since 1 January 2007</i>
Ms A Peacock	<i>Director since 1 January 2007</i>
Mr M Ullmer	<i>Director since 1 January 2007</i>
Mr K Wong	<i>Director since 1 January 2007</i>
Mr A McKean	<i>Director since 23 March 2009</i>
Cr J Kanis	<i>Director since 23 March 2009</i>
Mr M VanBesien (Managing Director)	<i>Director since 15 March 2010</i>

COMPANY SECRETARY

Mr O Carton *Appointed 13 February 2004*

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the performance of symphonic music. There were no significant changes in the nature of the activities of the Company during the year.

REVIEW AND RESULTS OF OPERATIONS

The operating result for the year ended 31 December 2009 was a loss of \$869,901 (equivalent result for the year ended 31 December 2008 was a profit of \$172,896).

Melbourne Symphony Orchestra Pty Limited presented 166 performances during the twelve months ended 31 December 2009. The majority of the concerts were held in Melbourne at the Arts Centre, Hamer Hall.

STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements, as they apply to the Company.

RECENT DEVELOPMENTS

The Victorian government announced in September 2008 that MSO's primary concert venue Hamer Hall will be renovated as part of a \$129m upgrade of the Victorian Arts Centre. Accordingly, Hamer Hall will be closed for a period of approximately 18 months from mid 2010.

The Victorian government has recognised the need to assist the Company during the Hamer Hall closure and, through Arts Victoria, has undertaken to provide an amount of funding to the Company to be held in escrow which will minimise the financial impact of the Hall's closure.

DIRECTORS' REPORT CONT.

FOR THE YEAR ENDED 31 DECEMBER 2009

The Company will submit quarterly reconciliations detailing the impact on revenue and expenditure as a result of the business interruption caused by the closure. Arts Victoria will consider the information submitted and provide authorisation to draw down an agreed sum from the escrow funds.

The Company will continue to present performances of symphonic and other orchestral music during the next financial year, with performances currently scheduled to be presented during this period. The Company's continuing success is dependent on maintaining its current level of government funding and corporate sponsorship whilst endeavouring to increase revenue from ticket sales and minimise costs of production and overhead expenditure.

DIVIDENDS

No dividends were paid, declared or recommended during or since the end of the financial year.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

Since the end of the previous financial year, the Company has not indemnified, nor made a relevant agreement for indemnifying against a liability, any person who is or has been an officer or auditor of the Company.

Insurance premiums

During the financial year, the Company has paid premiums in respect of Directors' and officers' liability, legal expenses and insurance contracts for the year ended 31 December 2010. Such insurance contracts insure persons who are or have been Directors or officers of the Company against certain liabilities (subject to certain exclusions).

Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

EVENTS SUBSEQUENT TO BALANCE DATE

Trevor Green, Managing Director since 8 February 1999 resigned effective 29 January 2010. Matthew VanBesien, new Managing Director was appointed effective 15 March 2010.

No other events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the Statement of Comprehensive Income and Statement of Financial Performance.

AUDITORS INDEPENDENCE DECLARATION TO THE DIRECTORS OF MELBOURNE SYMPHONY ORCHESTRA PTY LIMITED

The Directors have received a declaration from the auditor which is attached to this report.

Signed in accordance with a resolution of the Directors:



Harold Mitchell AO
Chairman

Melbourne
30 March 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 \$	2008 \$
REVENUES			
Funding revenue direct from government	3a	442,760	469,661
Funding revenue from parent (MSOHL)	3b	11,520,012	11,327,380
Ticket sales	4	7,856,828	8,699,822
Sponsorship, donations and bequests	5	1,494,392	1,248,644
Other revenues	6	1,835,125	2,171,217
		23,149,117	23,916,724
EXPENSES			
Employee expenses		13,444,985	13,475,514
Artists fees and expenses		3,508,054	3,357,613
Marketing expenses		1,803,399	1,735,577
Production expenses		2,508,392	2,624,815
Selling expenses		501,802	221,137
Depreciation and amortisation	11	143,529	166,792
Management fee		347,882	366,595
Other expenses		1,760,975	1,795,785
		24,019,018	23,743,828
Net Profit / (Loss)		(869,901)	172,896
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		(869,901)	172,896

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Note	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalents	15	1,929,898	6,820,840
Other financial assets	10	6,785,674	3,063,477
Receivables	8	356,359	206,446
Other	9	1,175,173	998,887
TOTAL CURRENT ASSETS		10,247,104	11,089,650
NON-CURRENT ASSETS			
Receivables	8	28,046	30,232
Plant and equipment	11	290,183	285,558
TOTAL NON-CURRENT ASSETS		318,229	315,790
TOTAL ASSETS		10,565,333	11,405,440
CURRENT LIABILITIES			
Payables	12	3,854,071	3,946,929
Provisions	13	2,457,866	2,250,697
TOTAL CURRENT LIABILITIES		6,311,937	6,197,626
NON-CURRENT LIABILITIES			
Provisions	13	308,623	393,140
TOTAL NON-CURRENT LIABILITIES		308,623	393,140
TOTAL LIABILITIES		6,620,560	6,590,766
NET ASSETS		3,944,773	4,814,674
SHAREHOLDERS' EQUITY			
Contributed equity	14	438,002	438,002
MSO Foundation	22b	1,394,388	1,313,195
MSO RIS Reserve	22c	3,105,778	3,063,477
Retained surplus / (accumulated deficit)	22a	(993,395)	-
TOTAL SHAREHOLDERS' EQUITY		3,944,773	4,814,674

The Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Contributed Equity	Retained Surplus / (deficit)	Foundation Reserve	MSO RIS Reserve	Total Equity
	(Note 14)	(Note 22)	(Note 22)	(Note 22)	
	\$	\$	\$	\$	\$
SHAREHOLDERS' EQUITY					
As at 1 January 2008	438,002	269,368	1,088,067	2,846,341	4,641,778
Total comprehensive income / (loss) for the year	-	172,896	-	-	172,896
Transferred to reserves	-	(442,264)	225,128	217,136	-
As at 31 December 2008	438,002	-	1,313,195	3,063,477	4,814,674
Total comprehensive income / (loss) for the year	-	(869,901)	-	-	(869,901)
Transferred to reserves	-	(123,494)	81,193	42,301	-
As at 31 December 2009	438,002	(993,395)	1,394,388	3,105,778	3,944,773

The Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		9,996,333	11,351,521
Cash payments in the course of operations		(23,569,736)	(23,703,829)
Grants received from government funding bodies		12,271,172	11,797,042
Interest received		241,936	684,546
NET CASH FLOWS PROVIDED BY / (USED IN) OPERATING ACTIVITIES	15b	(1,060,295)	129,280
CASH FLOWS FROM INVESTING ACTIVITIES			
Monies placed on Term Deposit	10	(3,679,895)	-
Payment for property, plant and equipment	11	(150,752)	(47,216)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(3,830,647)	(47,216)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH HELD		(4,890,942)	82,064
Cash and Cash equivalents at the beginning of the financial year		6,820,840	6,738,776
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15a	1,929,898	6,820,840

The Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. CORPORATE INFORMATION

The financial report of Melbourne Symphony Orchestra Pty Limited for the year ended 31 December 2009 was authorised for issue in accordance with a resolution of Directors on 30 March 2010.

Melbourne Symphony Orchestra Pty Limited is a proprietary limited company incorporated in Australia. The ultimate parent of Melbourne Symphony Orchestra Pty Limited is Melbourne Symphony Orchestra Holdings Limited.

Melbourne Symphony Orchestra Holdings Limited is a public company limited by guarantee and was incorporated in Australia on 19 October 2006 and subsequently purchased all shares in Melbourne Symphony Orchestra Pty Limited from the Australian Broadcasting Corporation for Ten Dollars.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by the Company and, except where there has been a change in accounting policy, are consistent with those of the previous period.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The financial report is presented in Australian dollars.

b) Statement of compliance

Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2009.

- AASB 101 Presentation of Financial Statements

The adoption of this standard did not have any effect on the financial position or performance of the Company.

Accounting Standards and Interpretations issued but not yet effective

There are a number of Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, and have not been early adopted by the Company for the financial report for the year ending 31 December 2009. The Company does not expect the impact of these standards and interpretations to have a material impact on the Company's financial position and performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of Goods and Services Tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Funding revenue

Funding revenue comprises funding from the Australia Council for the Arts, the State Government of Victoria through the Ministry for the Arts and the City of Melbourne.

Funding revenue was received from the Australia Council for the Arts through the Major Performing Arts Board, and the Victoria Ministry for the Arts, through Arts Victoria, under the terms of the Tripartite Funding Agreement 2007-2009 entered into in January 2007 and the Deed of Variation dated 22 December 2009. Funding is received based on payment schedules contained in those agreements between the funding bodies and Melbourne Symphony Orchestra Holdings Ltd. The agreements cover funding for the four years ending 31 December 2010.

Funding revenue is recognised when due under the terms of the funding agreement. Special purpose funding, which requires the Company to fulfil an obligation outside its normal operations, is recognised at the time the obligation is fulfilled.

Ticket sales

Ticket Sales are recognised at the time of concert performance. The value of tickets sold in advance of each concert is recorded as unearned income.

Sponsorship revenue

Sponsorship revenue is recognised during the period in which sponsorship benefits are provided. Sponsorship revenue is traditionally paid in advance – the value of unearned sponsorship revenue is recognised as a liability.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The surplus or deficit on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

d) Taxation and Goods and Services Tax Revenue recognition

The Company is exempt from income tax as it is an exempt charitable institution in accordance with Subdivision 50-B of the Income Tax Assessment Act 1997.

Revenues and expenses are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Cash and cash equivalents

Cash and cash equivalents, including short-term deposits with a maturity of three months or less are carried at face value of the amounts deposited. The carrying amounts of cash and cash equivalents, including short-term deposits, approximate net fair value.

f) Receivables

Trade receivables, which generally have 30-90 day terms, are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for impairment is raised when there is objective evidence that the Company will not be able to collect the debt. Management consider such objective evidence to include, but not be limited to formal correspondence from a trade receivable indicating its inability to repay the amount outstanding.

g) Other financial assets

Investments held in reserve and term deposits that do not meet the definition of Cash and Cash Equivalents are recorded at amortised cost using the effective interest rate method where the amount is materially different from the face value of the investment and term deposits. Otherwise the investment held in reserve and term deposits are recorded at face value.

h) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed.

i) Plant and equipment

All items of plant and equipment are carried at their historical cost of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributable to the acquisition, less any accumulated impairment losses, less accumulated depreciation, and recoverable amount.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the Company in future years.

Costs that do not meet the criteria for capitalisation are expensed as incurred.

The residual values, useful lives and amortisation methods of all items of plant and equipment are reviewed and adjusted if appropriate, at each financial year-end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Depreciation

Useful lives

Items of plant and equipment, leasehold improvements, computer equipment and musical instruments are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition. Depreciation rates and methods are reviewed annually for appropriateness. Depreciation is expensed.

The depreciation rates used for each class of asset are as follows:

Asset class	Depreciation rates
Plant & equipment	10% - 20%
Musical instruments	10% - 20%
Computer equipment	20% - 30%

k) Leased plant and equipment

Leases of plant and equipment are classified as operating leases as the lessors retain substantially all of the risks and benefits of ownership. Minimum lease payments are charged to the statement of comprehensive income over the accounting periods covered by the lease terms except where an alternative basis would be more representative of the pattern of benefits to be derived from the leased property.

l) Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

m) Employee benefits

Wages, salaries and annual leave

Liabilities for employee entitlement to wages, salaries and annual leave represent present obligation resulting from employees' services provided up to the balance date. The provisions have been calculated at un-discounted amounts based on rates expected to be paid out for wages and salaries and include related on-costs.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

The provision is calculated using estimated future increases in wage and salary rates, including related on-costs, and expected settlement rates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

n) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

Provision for employee benefits

Probabilities regarding staff turnover, when staff take leave and future wage rates are based on historical experience.

	2009 \$	2008 \$
3. FUNDING REVENUE		
a) Direct funding (MSOPL)		
Arts Victoria - Centenary Grant	-	31,000
Arts Victoria - Major Touring Initiative	-	11,000
Arts Victoria - Melbourne Symphony Orchestra Chorus Grant	122,760	120,000
Arts Victoria - Thomanerchor Grant	20,000	-
City of Melbourne - Annual Grant	300,000	281,138
City of Melbourne - Melbourne Symphony Orchestra Chorus Grant	-	26,523
	442,760	469,661
b) Funding from parent (MSOHL)		
Australia Council for the Arts - Annual Grant	9,290,880	9,068,139
Australia Council for the Arts - Orchestra Review Implementation Grant	-	68,174
Arts Victoria - Annual Grant	2,229,132	2,174,763
Arts Victoria - Orchestra Review Implementation Grant	-	16,304
	11,520,012	11,327,380
Total Funding	11,962,772	11,797,041
Provision of funds by Melbourne Symphony Orchestra Holdings Limited to Melbourne Symphony Orchestra Pty Limited is in respect of funds payable as a result of the Orchestra Review Implementation Funding Agreement. It originates from federal and state governments, through the Australia Council for the Arts and Arts Victoria and is paid to Melbourne Symphony Orchestra Holdings Limited. A funding agreement between Melbourne Symphony Orchestra Holdings Limited and Melbourne Symphony Orchestra Pty Limited provides the basis for the funds to be passed to Melbourne Symphony Orchestra Pty Limited.		
4. TICKET SALES REVENUE		
Subscription sales	4,041,953	3,999,533
Single night ticket sales	3,814,875	4,700,289
	7,856,828	8,699,822

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	\$	\$
5. SPONSORSHIP AND DONATION REVENUE		
Sponsorship	1,098,200	712,517
Donations	392,412	536,127
Bequests	3,780	-
	1,494,392	1,248,644

6. OTHER REVENUE

Interest income, other parties - cash and cash equivalents	241,936	684,546
Interest income, other parties - other financial assets	258,203	217,136
Orchestral hire	897,082	946,718
Grants from foundations	176,287	27,533
Other	261,617	295,284
	1,835,125	2,171,217

7. NET PROFIT / (LOSS) FOR THE YEAR

Net Profit / (Loss) for the year has been arrived at after charging the following items:

Depreciation:		
Plant and equipment	3,194	17,840
Office equipment, furniture and fittings	5,599	3,270
Computers	47,873	47,949
Musical instruments	86,863	97,733
	143,529	166,792
Superannuation expense	1,721,927	1,765,109
Deficit on disposal of non-current assets	2,598	1,252
Operating lease rental expenses		
Lease payments - cars	-	17,548
Lease payments - office equipment	44,465	39,353

	2009	2008
	\$	\$
8. RECEIVABLES		
a) Trade and other receivables		
<i>Current</i>		
Trade receivables	284,260	104,465
GST receivable	72,099	101,981
	356,359	206,446
<i>Non-current</i>		
Other receivables	28,046	30,232
	28,046	30,232

b) Past due but not impaired

Trade and other debtors ageing:

0 to 60 days	279,977	84,275
61 to 90 days	-	19,292
Over 90 days	32,329	31,130
Total trade and other receivables	312,306	134,697

Trade receivables are non-interest bearing and are normally settled in 30 days. Other receivables amounts generally arise from transactions outside the usual operating activities of the Company.

9. OTHER CURRENT ASSETS

Prepayments	850,489	691,660
Accrued income	324,684	307,227
Total Other Current Assets	1,175,173	998,887

10. OTHER FINANCIAL ASSETS

Investment held in RIS Reserve	3,105,779	3,063,477
Term deposits with maturity more than 90 days at year end	3,679,895	-
	6,785,674	3,063,477

Investment held in the Reserves Incentives Scheme reserve of \$3,105,779 (2008: \$3,063,477) comprise funds which are set aside, unencumbered and held in escrow, for 15 years until 3rd June 2019 (details are explained at note 22c).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

11. PLANT AND EQUIPMENT

	Plant and equipment \$	Musical instruments \$	Office equipment \$	Computer equipment \$	Total \$
<i>Cost:</i>					
Opening balance	103,592	857,474	18,439	185,093	1,164,598
Additions	-	52,382	46,569	51,801	150,752
Disposal	-	-	-	(5,174)	(5,174)
Closing balance	103,592	909,856	65,008	231,720	1,310,176
<i>Accumulated depreciation:</i>					
Opening balance	99,675	663,167	5,385	110,813	879,040
Depreciation expense	3,194	86,863	5,599	47,873	143,529
Disposal	-	-	-	(2,576)	(2,576)
Closing balance	102,869	750,030	10,984	156,110	1,019,993
Net book value, 31 December 2009	723	159,826	54,024	75,610	290,183
Net book value, 31 December 2008	3,917	194,307	13,054	74,280	285,558

	Note	2009 \$	2008 \$
12. PAYABLES			
Trade creditors		299,518	244,838
Other creditors and accruals		719,311	824,443
Prepaid subscription revenue		2,405,622	2,684,679
Prepaid other revenue		429,620	192,969
Total payables (ageing: all 0 to 60 days)		3,854,071	3,946,929

Trade payables are non-interest bearing and are normally settled in 30 days.

13. PROVISIONS

<i>Current</i>			
Employee benefits	16	2,457,866	2,250,697
		2,457,866	2,250,697
<i>Non-current</i>			
Employee benefits	16	308,623	393,140
		308,623	393,140

	2009	2008
	\$	\$
14. CONTRIBUTED EQUITY		
Share capital		
438,002 (2008: 438,002) ordinary shares, fully paid	438,002	438,002
	438,002	438,002

On 31 December 2006 Melbourne Symphony Orchestra Holdings Limited purchased all shares of Melbourne Symphony Orchestra Pty Limited that were previously held by the Australian Broadcasting Corporation.

15. STATEMENT OF CASH FLOWS

a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call. Cash assets as at the end of the financial year as shown in the statement of cash flows are as follows:

Cash	1,229,898	1,105,443
Cash equivalents	700,000	5,715,397
	1,929,898	6,820,840

Short term deposits mature within 30-90 days. They pay interest at a weighted average interest rate of 4.63% (2008: 7.42%).

Cash equivalents at year end of \$700,000 (2008: \$5,715,397) include short term deposits which had a maturity date of less than three months at year end. At the end of 2009, investments of \$3,679,895 were reclassified as other financial assets (refer note 10) as the maturity dates of these deposits were greater than three months.

b) Reconciliation of net profit / (loss) for the year to net cash provided by operating activities

Surplus / (deficit) from ordinary activities	(869,901)	172,896
Less items classified as investing / financing activities:		
Loss on disposal of non-current assets	2,598	1,252
Add / (deduct) non-cash items:		
Depreciation	143,529	166,792
Interest on other financial assets	(258,203)	(217,136)
Net cash provided by / (used in) operating activities before change in assets and liabilities	(981,977)	123,804
Change in assets and liabilities:		
(Increase) / decrease in receivables	(146,976)	646,457
(Increase) / decrease in prepayments	(158,829)	(300,888)
(Increase) / decrease in accrued income	197,693	29,473
Increase / (decrease) in accounts payable	(50,452)	227,266
Increase / (decrease) in prepaid revenue	(42,406)	(393,357)
Increase / (decrease) in provisions	122,652	(203,475)
Net cash flows provided by / (used in) operating activities	(1,060,295)	129,280

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	\$	\$
16. EMPLOYEE BENEFITS		
Current	2,457,866	2,250,697
Non-current	308,623	393,140
	2,766,489	2,643,837

Aggregate employee benefits presented above include on-costs. The present value of employee benefits not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	3.0%	3.0%
Discount rate	5.1%	5.7%
Settlement rate	10 years	10 years
Full-time equivalent employees at year-end	132.5	140.6

17. KEY MANAGEMENT PERSONNEL

a) Details of Key Management Personnel

(i) Directors

Name	Position Held	Board Meeting Attendances
Mr H Mitchell, AO	Chairman	5 out of a possible 5
Mr T Green	Managing Director (ceased 29 January 2010)	5 out of a possible 5
Justice A Goldberg, AO	Deputy Chairman	4 out of a possible 5
Mr R Davis	Director – ceased 5 February 2009	0 out of a possible 0
Dr B Adams	Director	3 out of a possible 5
Mr P Biggs	Director	4 out of a possible 5
Ms A Peacock	Director	4 out of a possible 5
Mr M Ullmer	Director	5 out of a possible 5
Mr K Wong	Director	2 out of a possible 5
Mr A McKean	Director – appointed 23 March 2009	5 out of a possible 5
Cr J Kanis	Director – appointed 23 March 2009	5 out of a possible 5
Mr M VanBesien	Managing Director – appointed 15 March 2010	0 out of a possible 0

(ii) Executives

Name	Position Held
Mr H Humphreys	Director of Artistic Planning
Ms C Le Cornu	Director of Marketing
Mr F Hughes	Director of Commercial Development
Ms L Oppenheim	Director of Operations
Mr W Box	Chief Financial Officer

	2009	2008
	\$	\$
17. KEY MANAGEMENT PERSONNEL (CONTINUED)		
b) Compensation of Key Management Personnel		
Short-term employee benefits	964,178	827,989
Other long-term benefits	-	12,183
Post-employment benefits	111,747	148,359
Termination benefits	-	293,596
	1,075,925	1,282,127

Payments made to Directors are for their contributions as employees of the Company and not for their additional services as Directors.

c) Other transactions and balances with key management personnel

There were no significant transactions between the Company and key management personnel.

18. RELATED PARTIES

a) Directors

The names of each person holding the position of Director of Melbourne Symphony Orchestra Pty Limited during the financial year are:

Mr H Mitchell AO, Mr T Green, Justice A Goldberg AO, Mr R Davis (ceased 5 February, 2009), Dr B Adams, Mr P Biggs, Ms A Peacock, Mr M Ullmer, Mr K Wong, Mr A McKean (appointed 23 March, 2009) and Cr J Kanis (appointed 23 March, 2009).

Unless otherwise stated, the Directors have been in office for the financial year. Details of Directors' remuneration are set out in note 17.

No Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interest subsisting at year-end.

b) Wholly-owned group

The ultimate holding company of Melbourne Symphony Orchestra Pty Limited (MSOPL) is Melbourne Symphony Orchestra Holdings Limited (MSOHL) which owns 100% of the equity in the Company. The Directors of MSOHL are also Directors of MSOPL. An agreement between MSOHL and MSOPL exists whereby MSOHL has agreed to fund MSOPL via contributions from the Australia Council for the Arts through the Major Performing Arts Board and the Victoria Ministry for the Arts through Arts Victoria. A service agreement that is governed by the contents of the Tripartite Agreement exists between the two entities MSOHL and MSOPL. Corporate costs associated with MSOHL have been met by MSOPL.

c) Other related parties

Sponsorship from Director-related entities is on terms and conditions no more favourable than those offered to other sponsors.

Cr Jennifer Kanis is a councillor of the City of Melbourne which also makes grants to the Company for various purposes (refer note 3). Total grants from the City of Melbourne in 2009 were \$300,000 (2008: \$307,661).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	\$	\$
19. AUDITOR'S REMUNERATION		
Audit of the financial report	30,000	30,000
	30,000	30,000

No other benefits were received by the auditor.

20. EXPENDITURE COMMITMENTS

Artists fees contracted, but not provided for, and payable:

Within one year	705,555	1,084,303
One year or later, but not later than five years	-	699,660
	705,555	1,783,963

Office equipment lease expenditure committed as per agreements:

Within one year	26,287	36,413
One year or later, but not later than five years	3,341	28,141
	29,628	64,554

Consulting (HR services and IT maintenance) contracts as per agreements:

Within one year	57,833	109,491
One year or later, but not later than five years	50,508	106,027
	108,341	215,518

Rental leases committed as per agreements (Administrative and Box Office premises):

Within one year	198,015	195,544
One year or later, but not later than five years	461,559	673,361
	659,574	868,905

The Company has provided the lessor of the MSO Box Office with a bank guarantee of \$15,657 (2008: \$15,657) which can be drawn upon by the lessor in the event that the Company does not meet its contractual obligations under the lease agreement.

Expenditure commitments are contracted up to the follow dates:

- Artist fees – 31st December, 2010
- Office equipment – 23rd August, 2012
- IT maintenance – 15th October, 2011
- Office rent – 30th June, 2013

21. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash and cash equivalents (refer note 15) together with trade and other receivables (refer note 8) and trade and other payables (refer note 12), which arise directly from its operations.

The capital of the Company comprises Shareholders' Equity which in turn comprises Contributed Equity, Retained Profits / (accumulated deficit) and the Foundation and MSO RIS reserves (refer note 22 for further details). The Board manages capital by way of a thorough budgeting and reporting cycle of financial results, together with strategic meetings and the utilisation of various Board sub-committees.

The key financial risk factors that arise from the Company's activities, including policies for managing these risks are outlined below.

a) Interest rate risk

Interest rate risk refers to the risks that the value of a financial instrument or future cash flows associated with the instrument will fluctuate due to movements in market interest rates.

Interest rate risk exposures

The Company's exposure to interest rate risk and classes of financial assets are set out below:

	Floating Interest rate \$	Fixed interest maturing in:			Non- Interest bearing \$	Total \$
		1 Year or less \$	1 to 5 Years \$	More than 5 Years \$		
31 December 2009						
<i>Financial assets</i>						
Cash and cash equivalents - refer note 15a	1,227,898	700,000	-	-	2,000	1,929,898
Other financial assets - refer note 10	-	-	6,785,674	-	-	6,785,674
	1,227,898	700,000	6,785,674	-	2,000	8,715,572
31 December 2008						
<i>Financial assets</i>						
Cash and cash equivalents - refer note 15a	1,103,443	5,715,397	-	-	2,000	6,820,840
Other financial assets - refer note 10	-	3,063,477	-	-	-	3,063,477
	1,103,443	8,778,874	-	-	2,000	9,884,317

The Company manages exposure to interest rate risk by monitoring cash flows on a weekly basis and assessing fixed short term deposit interest rates on offer. Amounts are then set aside on fixed short term deposits.

Sensitivity analysis

A sensitivity analysis of the effect of interest rate movements on financial assets and liabilities was not undertaken as the prospective impacts were not considered to be material at balance date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

21. FINANCIAL INSTRUMENTS (CONTINUED)

b) Net fair value

The net fair value of financial assets and liabilities at the balance date are those disclosed in the balance sheet and related notes. This is because either the carrying amounts approximate net fair value or because of their short term to maturity.

c) Credit risk

The Company's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position and related notes.

The Company has exposure to credit risk on all financial assets included in the Company's statement of financial position. To help manage this risk, the Company has:

- limited trade receivables;
- a policy for establishing credit limits for entities it deals with; and
- may require collateral where appropriate.

In addition, the Company restricts investment monies to AA rated Australian banks.

The Company's credit risk is mainly concentrated across a number of customers. The Company does not have any significant risk exposure to a single or group of customers. Refer to note 8 for an ageing analysis of trade receivables. Based on the credit history of these classes, it is expected that these amounts will be received when due.

d) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as and when they fall due. The Company is exposed to liquidity risk via its trade and other payables (refer note 12) and having cash and cash equivalents invested on fixed short-term deposits for periods of the year. To minimise this risk, the Company monitors cash flow on a weekly basis and strictly limits exposure to trade and other receivables.

	2009	2008
	\$	\$
22. RESERVES		
a) Retained surplus / (accumulated deficit)		
Retained surplus at the beginning of the year	-	269,368
Surplus / (deficit) from ordinary activities for the year	(869,901)	172,896
Transfer of interest earned on MSO Foundation Reserve	(81,193)	(225,128)
Transfer of interest earned on RIS Reserve	(42,301)	(217,136)
Retained surplus / (accumulated deficit) at year end	(993,395)	-

b) MSO Foundation Reserve

The purpose of the MSO Foundation Reserve is to accumulate capital to ensure the long-term viability and financial security of the Melbourne Symphony Orchestra. The interest accrued on the investment of the Fund, and the capital as permitted in its constitution, may be used for MSO projects that come within the purposes of the MSO Articles of Association.

Opening balance	1,313,195	1,088,067
Transfer from Retained surplus / (accumulated deficit)	81,193	225,128
Accumulated funds at year end	1,394,388	1,313,195

c) MSO Reserves Incentives Scheme Reserve

The Reserves Incentives Scheme (RIS) is designed to encourage and assist major performing arts companies to strengthen their balance sheets by building reserves to a level that is sufficient to underpin their financial health and provide a base from which can be taken appropriate artistic and access risks.

The Australia Council and the Victorian Government have, together with the Company, contributed funds which are set aside, unencumbered and subject to the terms and conditions of the Reserves Incentives Scheme Funding Agreement. All income received on the funds received must be re-invested with the funds received and held in escrow for 15 years. These funds are not accessible to the Company until 3rd June 2019 and have not been used to secure any liabilities of the Company.

Opening balance	3,063,477	2,846,341
Transfer from / (to) Retained surplus / (deficit)	42,301	217,136
Accumulated funds at year end	3,105,778	3,063,477

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

23. ECONOMIC DEPENDENCY

The Company is economically dependent on the ongoing annual funding from the Australian and Victorian Governments, via the Company's parent, Melbourne Symphony Orchestra Holdings Ltd. A funding agreement between Melbourne Symphony Orchestra Holdings Ltd and the Company provides the basis for the funds to be passed to the Company. As a result, the Company is economically dependent on Melbourne Symphony Orchestra Holdings Ltd to continue to operate as a going concern. The Australian and Victorian Government funding originates through the Australia Council for the Arts and the Victoria Ministry for the Arts.

Funding from the Australian and Victorian Governments through the Tripartite Funding Agreement and the Orchestra Review Implementation Agreement has been secured for 2010. The Company has received confirmation from the Australian and Victorian Governments that funding for both the Tripartite Funding Agreement and the Orchestra Review Implementation Agreement will be extended for the 2011 financial year subject to the Company continuing to comply with the terms of the relevant agreement.

The Directors note that the Company's success is also dependent on increasing current levels of corporate sponsorship and ticket sales.

24. SUBSEQUENT EVENTS

No events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the Statement of Comprehensive Income and Statement of Financial Position.

25. ADDITIONAL DISCLOSURES

Melbourne Symphony Orchestra Pty Limited is a company limited by shares, incorporated in Australia and having its registered office address and principal place of business at:

ABC Southbank Centre
120 - 130 Southbank Boulevard
Southbank VIC 3006

The postal address of Melbourne Symphony Orchestra Pty Limited is:

GPO Box 9994
Melbourne VIC 3001

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the opinion of the Directors of Melbourne Symphony Orchestra Pty Limited ("the Company"):

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows for the period ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Harold Mitchell, AO
Chairman

Melbourne
30 March 2010

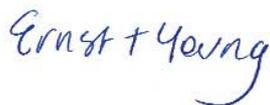


Matthew VanBesien
Managing Director

Melbourne
30 March 2010

Auditor's Independence Declaration to the Directors of Melbourne Symphony Orchestra Pty Limited

In relation to our audit of the financial report of Melbourne Symphony Orchestra Pty Limited for the financial year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Joanne Lonergan'.

Joanne Lonergan
Partner
30 March 2010

Independent auditor's report to the members of Melbourne Symphony Orchestra Pty Ltd

Report on the Financial Report

We have audited the accompanying financial report of Melbourne Symphony Orchestra Pty Ltd (the company), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Melbourne Symphony Orchestra Pty Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Melbourne Symphony Orchestra Pty Ltd at 31 December 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst + Young

Ernst & Young

A handwritten signature in blue ink, appearing to read 'Joanne Lonergan', written over a faint grid background.

Joanne Lonergan
Partner
Melbourne
30 March 2010

Melbourne Symphony Orchestra gratefully acknowledges the following organisations for their generous support:



The Hon. John Brumby MP
PREMIER PATRON

PRINCIPAL PARTNER

Geoffrey Rush
MSO AMBASSADOR



GOVERNMENT PARTNERS



Mercedes-Benz



PARTNER – MAESTRO LEVEL



PARTNER – CONCERTMASTER LEVEL



PARTNER – ASSOCIATE LEVEL



SUPPORTING PARTNER

Epicure

AVD

Universal Music

The Crock Group

SUPPLIERS

