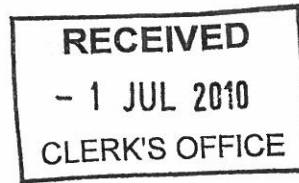




Melbourne
Symphony Orchestra

23 June 2010

Senator John Hogg
Parliament House
Canberra ACT 2600



Dear Senator,

Orchestra divestment costs from the ABC – Senate Estimates hearing, May 2010

According to Hansard of the above Senate Estimates hearing, an executive from the Australia Council for the Arts stated with respect to the costs of divestment, that *“One orchestra in particular, the Sydney Symphony Orchestra, still claims the cost of divestment within their annual accounts. The other orchestras do not. There is a change in the nature of their business and they have absorbed any costs. Some did not experience any additional cost.”* And further, that the Sydney Symphony Orchestra was the only orchestra that divestment had a negative financial impact on.

With due respect, this is not the case experienced by the Melbourne Symphony Orchestra (MSO). Whilst the MSO have not explicitly reflected the ongoing divestment costs in the directors’ report attached to the annual financial statements, it is estimated that increased costs as a result of divestment are in the region of \$572,000 per annum including additional workers’ compensation (\$336k), superannuation costs (\$174k), insurance (\$49k) and other (\$12k). As these costs increase over time, in the longer term this is having a greater and deeper impact.

The removal of the efficiency dividend has defrayed these costs (only) by the amount of \$92,000 per annum which leaves the organisation to fund the net additional costs of divestment of \$480,000 per annum by generating internal efficiencies and incremental revenues.

The MSO is heavily reliant on philanthropy, box office and corporate sponsorship in addition to government funding. The global financial crisis has impacted each of these streams and effectively exacerbated the impact of divestment costs on the MSO.

I believe this misconception, which has been recorded on Hansard needs to be corrected for the public record.

Yours sincerely

Matthew VanBesien
Managing Director