



The
Queensland
Orchestra

2008 ANNUAL REPORT



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2008 ANNUAL REPORT

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CONCERTMASTERS

Warwick Adeney
Alan Smith

**ASSOCIATE
CONCERTMASTER**

Lynn Cole

VIOLIN

Gail Aitken ~
Wayne Brennan ~
Rachel Smith *
Jane Burroughs
Linda Carello
Margaret Connolly
Kevin Deland
Faina Dobrenko
Simon Dobrenko
Priscilla Hocking
Delia Kinmont °
Nicola Manson
Tim Marchmont
Frances McLean
Neridah Oostenbroek °
Stephen Phillips
Rebecca Seymour
Joan Shih
Paulene Smith
Brenda Sullivan
Agoston Tamas
Stephen Tooke
Helen Travers
Brynley White
Harold Wilson

VIOLA

Bernard Hoey =
David Deacon +°
Irene Garrahy
Kirsten Hulin-Bobart
Jann Keir-Haantera
Fiona Lale
Helen Poggioli
Graham Simpson
Paula Stofman
Nicholas Tomkin

CELLO

David Lale ~
Matthew Kinmont +
Kathryn Close
Dan Curro °
Andre Duthoit
Matthew Jones
Andrew Shetliffe °
Jenny Stokes
Craig Allister Young
Kaja Skorka

DOUBLE BASS

John Fardon ~
Dushan Walkowicz =
Ken Poggioli +
Anne Buchanan
Paul O'Brien °
Michael O'Loghlin

FLUTE

Alexis Kenny ~
Hayley Radke +°
Janine Grantham

PICCOLO

Paul Dhasmana ^°

OBOE

Duncan Tolmie ~
Sarah Meagher ~
Alexa Murray

COR ANGLAIS

Vivienne Brooke ^°

CLARINET

Irit Silver ~
Brian Catchlove +
Kate Travers

BASS CLARINET

Nick Harmsen ^°

BASSOON

Nicole Tait ~
Nicole King »°
Jackie Hansen °

CONTRABASSOON

Melanie Vanden Broek ^°

FRENCH HORN

Andrew Bain ~
Peter Luff +°
Ian O'Brien *
Vivienne Collier-Vickers
Francesco Lo Surdo °

TRUMPET

Richard Madden =
Paul Rawson +
John Gould

TROMBONE

Jason Redman ~

BASS TROMBONE

Tom Coyle *

TUBA

Thomas Allely *

HARP

Jill Atkinson *

TIMPANI

Tim Corkeron *

PERCUSSION

David Montgomery ~
Andrew Knox »

~ Section Principal
= Acting Section Principal
* Principal
^ Acting Principal
Guest Principal
» Associate Principal
+ Acting Associate Principal
° Fixed Term Contract



Looking back on my first year as Chief Conductor I am very proud of the standards and achievements made during the 2008 season.

We welcomed talented new musicians to the orchestra in various positions and began a journey of discovery and further growth as one of the leading Australian orchestras. I can really sense a renewed energy and inspiration amongst the players and I share this feeling with them as we continue to build the profile of the orchestra and expand the repertoire boundaries.

It was my pleasure to see many fine colleagues working with The Queensland Orchestra during 2008, highlights include the return of our Conductor Laureate Muhai Tang for a stunning performance of *Mahler's 3rd Symphony*, other world class conductors included in the season were Pietari Inkinen, Olari Elts, Vladimir Verbitsky and Christopher Seaman. Star soloists who worked with the orchestra included pianists Pascal Rogé, Boris Berman and Cyprien Katsaris, violinists Nikolaj Znaider and James Ehnes and cellist Jian Wang. Many important Australian musicians were featured in our programming, in particular the late Deborah Riedel in our special Wagner opera gala, Karin Schaupp, Marshall McGuire, Jane Rutter, Liane Keegan and David Hansen. Our diverse programming included a first orchestral concert with the legendary Judith Durham and the acclaimed singer-songwriter Ben Lee.

I am looking forward to consolidating our work together throughout the 2009 and 2010 seasons and achieving new levels of artistic excellence with this great orchestra and fine management team. This orchestra is a major artistic presence in the State of Queensland and I am pleased to witness the growing international recognition we are achieving through the association with the wonderful artists we are privileged to work with from all corners of the globe.

Maestro Johannes Fritsch
Chief Conductor

BOARD OF DIRECTORS



GREG WANCHAP, CHAIRMAN

Greg Wanchap is Principal of WHK Horwath, Business Advisors and Chartered Accountants. He specialises in advising on mergers and acquisitions, corporate structuring, and capital raisings and is an adviser to corporations and privately owned businesses as well as serving on a number of commercial and community boards.



TONY DENHOLDER

Tony Denholder is a partner in the Brisbane Commercial and Projects Group at Blake Dawson. He specialises in resources law and native title. He also advises on infrastructure development and commercial matters. Tony has advised clients in all mainland Australian States and the Northern Territory on native title aspects affecting the establishment of projects and infrastructure.



RHYLL GARDNER

Rhyll Gardner is General Manager, Queensland, St. George Bank. Rhyll has 20 years experience in banking and finance across retail, corporate and business banking, financial markets, treasury, risk, marketing, strategy, product development and management and segment management. Prior to starting her career in banking, Rhyll studied music at the University of Queensland playing the piano and the clarinet.



JENNY HODGSON

Ms Hodgson is a Producer with the Programming Unit of the Queensland Performing Arts Centre. Previously she had undertaken projects with the Queensland Conservatorium of Music, Griffith University and worked for the Queensland Philharmonic Orchestra for eleven years including seven as General Manager.



IAN O'BRIEN *resigned 29 April 2009*

Ian is currently Principal Third Horn with The Queensland Orchestra. Ian joined the orchestra in 2002 and was appointed to his current position in 2004, prior to which he was associate principal horn with Orchestra Victoria. He has worked with many of Australia's professional orchestras and is currently the horn tutor at the University of Queensland.



JANINE WALKER

Janine Walker is Director of the Office of Human Resource Management of Griffith University and an Adjunct Professor in the University's Business School. Janine has held significant senior positions including HR Director of Princess Alexandra Hospital, Director of Industrial Relations for Queensland Health and Industrial Director and General Secretary of the Queensland Public Sector Union.



PHILIP BRAČANIN

Philip Bračanin studied music and mathematics at the University of Western Australia, where he was awarded MA and PhD degrees for analytical studies of contemporary music. Professor Bračanin recently retired from The University of Queensland where for nine years he was Dean of the Faculty of Music, and for ten years, Head of the School of Music.



MICHAEL P SMITH *resigned 17 December 2008*

Michael is an established leader in the global IT and telecommunication industry, having held positions including Asia Pacific Vice-President for Stratos Global Corporation, General Manager of Telstra's Global Satellite business, CEO of PT Jastrindo Dinamika – an Indonesian mobile carrier and several other directorships.

CHAIRMAN'S REPORT



At the end of my first year as Acting Chairman, I am delighted to report on The Queensland Orchestra for 2008. My decision to accept the Chairmanship in early 2009 was strongly influenced by the requirement to undertake and ensure the long term viability, both artistically and financially, of our Queensland Orchestra.

I thank Maestro Fritzch for his determined work in the development of the Orchestra and enthusing our musicians throughout the year. His artistic leadership is critical to our success. Our Orchestra has gained in confidence under this leadership and many of our performances were acclaimed as artistically outstanding by critics and our audiences alike.

In February our Maestro concerts commenced with Muhai Tang conducting Mahler Symphony No 3 with Liane Keegan and our collaboration with assembled choirs was an outstanding success. Later in the year Maestro Fritzch guided the Orchestra in another wonderful concert with James Ehnes in Tchaikovsky's Violin Concerto in D major, opus 35 and Shostakovich Symphony No. 9.

The year has been one of challenge for the Orchestra, and we are concerned at the present and future effects of the economic climate on ticket sales, our commercial partnerships and our sponsorship and giving programmes. However, we must look to what measures we need to take in our day to day business operation to ensure that we are responding through strong and focused management to these challenges. We must review how we have conducted the business of our Orchestra and be bold enough to explore the changes that need to be made to ensure we are a stronger organisation once this current cycle passes.

Further, we await the recommendations of the Evaluation of the Orchestras Review conducted by the Australia Council last year and the determinations of the Federal Government from this review, to know whether other changes to the operations and structures of Orchestras will be sought.

I am truly delighted that we have been fortunate to attract our new Chief Executive Officer, Patrick Pickett. Patrick joined the Orchestra in December 2008 after a distinguished career in the Australian military; most recently as Director of Music – Army. In the short time

Patrick has been leading the company it is clear that his commercial attitude to running the business of the Orchestra, together with his substantial knowledge of the art form will make a significant contribution to our future success.

To the Federal and Queensland Governments, our thanks for their support and considerable guidance, as without this continuing support our success would not be assured.

The Queensland Orchestra would not be in a position to produce the variety of performances and community engagement without the generous support of our sponsors, partners and donors. I sincerely thank you for your contribution.

To my fellow Board members, thank you for your amazing support and dedication to the success of the Orchestra in the past year. During the year we welcomed Professor Philip Bračanin to the Board.

Foremost, my thanks go to Maestro Fritzsch and our musicians, and all of our staff whose collective dedication to The Queensland Orchestra provided many memorable entertainment experiences for our audiences in 2008.

To be asked to Chair The Queensland Orchestra is truly a great honour; this is a great Orchestra and I look forward to working with my fellow Directors and Patrick to make the Orchestra an even greater artistic institution in this State.

Greg Wanchap
Chairman

MANAGEMENT TEAM 2008

Michael P Smith	Managing Director
Anna Jones	Executive Assistant to the Managing Director
Tom Woods	Director – Artistic Planning
Richard Wenn	Artistic Administrator
Annie Powell	Assistant Artistic Administrator
Stella Rotar	Education Officer
Matthew Farrell	Director – Orchestra Management
Nina Logan	Orchestra Manager
Judy Wood	Orchestra Librarian
Darryl Keys	Production Coordinator
Helen Goltz	Director – Marketing and Development
Erin Whittaker	Marketing Coordinator
Kate Nulty	Marketing Coordinator
Marie Bata	Event Coordinator
Liesa Hogg*	Corporate Relations Coordinator
Ian McNeill	Database Administrator
Christine Fraser	Director – Human Resources
Alison Barclay	Administration Officer
John Waight	Chief Financial Officer
Sandy Johnston	Accountant
Donna Barlow*	Accounts Payable Officer
Linda Walker*	Catering Coordinator

* Part time

CHIEF EXECUTIVE OFFICER'S REPORT



It is in somewhat of an unusual situation that I find myself preparing this report. Having taken on the position of CEO at the very end of 2008 I feel I'm providing a report from a bird's eye view. Having said that, I would like to acknowledge the work completed by the outgoing Managing Director Michael P. Smith and his contribution to The Queensland Orchestra in 2008.

The challenges of 2008 were clearly established on top of what had been a highly successful 2007. The opportunities created by these challenges allowed the Orchestra to grow under their new Chief Conductor Maestro Johannes Fritzsich. His influence on the artistic capability of the Orchestra was significant and reflected in reviews. The response to his leadership by the Orchestra was tremendous and added vigour and artistic desire to an already highly capable organisation.

During the year there was movement in senior management staff away from the orchestra. This would include the Managing Director, Director of Marketing and Development, Director of Artistic Planning and the Director of Human Resources. In the case of Marketing there were two Directors in the 12 months.

This movement had an effect in almost every area of TQO's capability and has taken its toll. It has however, provided opportunity for a fresh approach within almost every department and this has laid the foundation for an excellent year ahead.

The impact of the changes in senior staff was reflected in a number of areas and not least in the financial outcomes. A much less desirable outcome has caused the company to review its structure and artistic focus, to ensure the highest level of capability is sustained at the current level and developed along business lines. This has become critical with a changing economic climate and a more fragile sponsorship landscape.

The relationship with the people of Queensland has remained at the forefront of TQO in 2008. The Northern Tour and X-Collective tours took TQO into places in Queensland that would rarely receive this calibre of entertainment. Of significant importance was the education program presented in these regional areas where training and workshop opportunities enriched the learning process for young and developing students. The wide variety of conductors and artists presented on main stage performances added to artistic capability and entertainment value.

The artistic outcomes have dominated a mixed year for TQO. Enhanced regional engagement, support for Australian and emerging artists along with excellent outcomes in recording projects has seen the status of TQO reach a new level. Joint collaborations and major special events have developed new relationships with the concert going public of Queensland who crave performance excellence in traditional, classical and popular music. I remain confident in what is an outstanding orchestra supported by a high quality support and management staff and guided by an empowering Board.

A handwritten signature in dark ink, appearing to read 'Patrick Pickett', written in a cursive style.

Patrick Pickett
Chief Executive Officer

ARTISTIC EXCELLENCE & VIBRANCY

INCOMING CHIEF CONDUCTOR

Leading the mighty score of Wagner's *Die Walküre* in March 2008 was a fitting start to Maestro Johannes Fritsch's tenure as Chief Conductor of The Queensland Orchestra. This staged operatic performance format was warmly received by Brisbane audiences, and drew on the Maestro's specialist talent as concurrent Chief Conductor of Oper Graz. TQO was commercially engaged under Maestro Fritsch's baton later in 2008 for *AmbiClassics*, an open air concert showcasing another significant program of opera works.

As Chief Conductor, Maestro Fritsch led three flagship Maestro series programs, each attracting critical acclaim, with The Courier-Mail reporting 'This was a mature and polished performance of substantial works under the inspired baton of the new Chief Conductor'. Maestro Fritsch's performances were also embraced by audiences across the Intimate Classics, Music on Sundays and Gold Coast series, and stakeholders and subscribers attending 2009 season launch events in October 2008 were engaged by Maestro Fritsch's personal insights into upcoming programs.

The 2008 release of the Maestro's first recording with TQO, entitled *Love and Death* and featuring *Don Juan* and other Strauss tone poems, demonstrated to even wider audiences his significant, positive effect on the orchestra's technique and musicality as an ensemble.

INTERNATIONAL GUESTS

TQO continued its investment in guest conducting talent to stretch and consolidate the orchestra's stylistic range throughout 2008. The Brisbane debuts of Bernard Labadie, Olari Elts, and Ryusuke Numajiri in the Intimate Classics, Maestro and Contempo series were scheduled alongside highly anticipated return visits by Pietari Inkinen, Vladimir Verbitsky and Marco Zuccarini. Violinist Nikolaj Znaider was a particular coup, with his player/conductor role in the Tea & Symphony series being his only Australian engagement in 2008.

TQO's growing artistic reputation attracted internationally renowned artists to perform for Brisbane audiences. Outstanding Maestro series appearances by pianists Cyprien Katsaris, Pascal Rogé and Boris

Berman, violinist James Ehnes, and cellist Jian Wang, were matched by TQO debut performances from violinist Feng Ning, harpsichordist Roy Howat, and the Swiss Piano Trio across other series.

AUSTRALIAN AND EMERGING ARTISTS

Australasian conductors Marc Taddei, Guy Noble, Ben Northey and Nicholas Milton led a range of popular programs in the 2008 season, and TQO welcomed Geoffrey Simon back to Australia to lead its penultimate Maestro series concert. Other notable homecoming performances were soprano Deborah Riedel in *Die Walküre* and contralto Liane Keegan in Mahler's Third Symphony.

Numerous nationally renowned vocalists were engaged, including sopranos Antoinette Halloran, Nicole Youl and Teresa La Rocca, counter tenor David Hansen, tenor Henry Choo, and baritones José Carbo and Michael Lewis. High profile Australian instrumental soloists included guitarist Karin Schaupp, flautist Jane Rutter, harpist Marshall McGuire, and percussionist Claire Edwardes.

Emerging Australian artists engaged throughout the year included soprano Maxine Montgomery, mezzo soprano Victoria Lambourn, baritone Shaun Brown, pianist Alexey Yemtsov, cellist Thomas Rann, and percussionist Adam Jeffrey. Following popular previous TQO appearances, violinist Matthew Rigby was re-engaged for an education program performance.

COLLABORATIONS

TQO worked with a variety of non-orchestral artists in 2008. Special Event performances with revered Australian songstress Judith Durham, US-based Australian pop artist Ben Lee, and a Pink Floyd tribute band, profiled TQO to largely new audiences at the Brisbane Convention and Exhibition Centre.

Pit services were provided for Opera Queensland seasons *The Barber of Seville*, *The Magic Flute* and *Turandot*. Notably *The Magic Flute* incorporated eight additional regional Queensland performances, and *Turandot* utilised a sizeable offstage band to great effect.



Internationally renowned violinist Nikolaj Znaider

TQO regularly engaged local choirs Brisbane Chorale and Canticum Chamber Choir for Maestro, Proms and *Messiah* programs, and 2008 marked the orchestra's first time collaboration with awarded youth choir Brisbane Birralees Voices.

TQO also accompanied mainstage Queensland Ballet productions *A Midsummer Night's Dream* and *Swan Lake*, and provided musicians to perform in the *Soirées Classiques* series. A string quartet also performed onstage alongside performer/composer (and former TQO Artist-in-Residence) William Barton in the world premiere work *Timeless Dances* as part of QB's ...with attitude contemporary dance season.

Brisbane Festival's forced cancellation of *Elektra* was a disappointment, but TQO was represented in QPAC's Out of the Box Festival for children, with an eight-piece ensemble performing alongside actor Deborah Mailman and the Silver Garburg Piano Duo in a production of *The Little Mermaid*. The Duo was subsequently engaged for TQO's 2009 Maestro series.

AUSTRALIAN AND CONTEMPORARY WORKS

TQO's 2008 Composer-in-Residence program saw the orchestra premiering Australian Brian Howard's *Earthshine* and *Gravity's Rainbow* in the Maestro series. The Australian premiere of Barry Conyngham's *Cala Tuent* was also premiered in this series. The Contempo series again proved a site for artists to display their affinity with works reflecting their nationality. Australian percussionist Adam Jeffrey premiered Australian composer Freeman McGrath's Percussion Concerto, and Japanese Ryusuke Numajiri conducted the work of fellow countryman Takemitsu in this studio-based series.

RECORDING PROJECTS

Recording output increased from four projects in 2007 to six in 2008. The year opened with concurrent sessions of Mahler's Symphony No. 3 led by TQO Conductor Laureate Muhai Tang for ABC Classics, and orchestral backings for album track *The Road Is Lost* with Australian band The Whitlams. The critical success of Johannes Fritsch and TQO's *Love and Death* led to further Strauss recordings for ABC Classics, this time also featuring admired soprano Yvonne Kenny.

The release during 2008 of TQO's ABC Classics recordings *Puccini Romance* with vocalists Rosario La Spina and Antoinette Halloran, *Heart's Delight* with ABC TV's *Operatunity Oz* winner Roy Best, and *Muses to Murder* with soprano Elizabeth Connell, generated royalties and contributed to the profile of TQO's firm recording reputation.

A new relationship with Melba Records saw TQO record two rare programs of French arias and horn concerti featuring Steve Davislim and Ben Jacks respectively, followed by Mozart's beloved Clarinet Concerto with former Queensland Symphony Orchestra Section Principal Paul Dean. At the request of the Queensland Premier's Department, TQO also recorded orchestral soundtracks for a Tourism Queensland campaign.

ABC Classic FM continued to record a majority of TQO's mainstage concerts for future national broadcast, and several Maestro and Contempo series performances were broadcast live.

ENGAGEMENT & ACCESSIBILITY



Northern Queensland Tour – conductor Marco Zuccarini

COMMUNITY ENGAGEMENT

Through increased corporate support, the reach of the Thiess Listen & Talk program expanded to new venues such as the Royal Brisbane Hospital, regional and special schools, Probus groups, and the Gallery of Modern Art. In total, 295 people, most unable to otherwise attend a concert performance, connected with TQO through 18 community-based, small ensemble presentations.

REGIONAL OUTREACH

Audience feedback suggests 2008 marked TQO's most popular Northern Queensland Tour concert program to date. Featuring guest artists and core repertoire equivalent to Maestro series programs, *Beethoven and Tchaikovsky* was performed in Cairns, Townsville, Mackay and Rockhampton. Soloist Feng Ning, a recent Paganini International Violin Competition winner, was well received by audiences alongside charismatic conductor Marco Zuccarini.

TQO cabaret ensemble X-Collective remounted its purpose-written touring production *Pick A Box* to access another ten regional centres in 2008, travelling as far

west as Charleville. A pre-tour Brisbane performance of *Pick A Box* was included in TQO's subscription brochure for the first time in 2008, generating strong sales from X-Collective's Brisbane fan base, and attracting the attendance of numerous sponsor representatives through X-Collective's quality light entertainment format.

METROPOLITAN REACH DELIVERS

Better servicing metropolitan hubs surrounding Brisbane has been a long held aim of TQO. Popular programming from Proms and Music on Sundays series proved ideal for two Gold Coast Arts Centre performances in 2008, whereas Maestro series style programming resulted in increased audiences at the Caloundra Events Centre following TQO's inaugural performance at the venue in 2007.

TQO's annual Toowoomba performance took the form of Rainer Hersch's hilarious *Classical Music Unexplained*, and for the first time in 2008, TQO musicians and artistic staff were invited to sit on judging panels for the Empire Theatres Foundation's prestigious Brian Boak bursary program.

AUDIENCE ACCESS

TQO undertook a number of initiatives during 2008 to enhance the concert going experience of its existing and potential audiences. Pre-concert talks were rescheduled closer to concert start time for the convenience of Maestro series audiences, and featured both music specialists and artists as presenters, with several talks being given by TQO's Chief Conductor. Free of charge concert programs were also introduced across all series, and made available online prior to concerts.

A spring survey of subscribers attracted a high rate of responses informing 2009 programming, promotional campaigns and communications. A gradual shift toward automated preparation of such large scale print communications, along with significantly increased use of lower cost electronic communication in recent seasons, saw TQO's loyal group of mail-out volunteers disband in 2008, following a significant period of support that has been valued by the company.

EDUCATION & LEARNING

THE CLUB CONNECTS

TQO musicians took to classrooms in 18 schools in 2008, delivering practical teaching via The Club program. Now a mainstay in the music programs of several Brisbane schools, this program is also delivered annually in North Queensland centres, subject to TQO's touring schedule. The program's strength remains its flexibility, with teaching sessions devised in collaboration with TQO's Education Officer to meet the diverse needs of schools. From individual master classes and small group tutorials, to ensemble workshops and introductory demonstrations of instruments to whole year groups, the program offers practical support for teachers, and provides Queensland music students with direct access to the state's leading instrumentalists.

EDUCATION CONCERTS

The Kiddies Cushion Concert series maintained its sell-out reputation in 2008, opening with children's classic *Peter and the Wolf*, narrated by *Playschool's* George Spartels. Reverse mode seating was implemented in Middle Schools concerts to increase visibility and engagement of student audiences, though Secondary Showcase and Primary Schools concerts remained in normal mode to meet ticket demand.

Regional education concerts were presented by TQO cellist Craig Allister Young, and a percussion-heavy program provided opportunities for local percussion students to rehearse and perform alongside TQO musicians before a peer audience. Downloadable resource kits were developed to accompany all education concert programs, with *Peter and the Wolf* audiences proving particularly active in submitting preparatory colouring in and frank feedback.

COMPETITIONS

TQO's Young Instrumentalist Competition continued to cater for advanced, school-aged instrumentalists from both state and private school students in metropolitan and regional Queensland. The competition attracted 19 auditionees in 2008. As overall winner in a competitive field, cellist Michael Lam performed a concerto movement with TQO in the Secondary Showcase concert



James Ehnes

at QPAC, and again in a Finalists' Recital at TQO Studios, mentored by TQO Concertmaster Alan Smith.

Symphony Australia's Young Performers Awards engaged tertiary aged instrumentalists, with TQO accompanying the Stage III piano finals at the Conservatorium Theatre. This round attracted unprecedented local attention with three of four finalists being from Brisbane.

MASTER CLASSES

TQO's master class program grew to feature five international artists of great renown in 2008. Cyprien Katsaris, Pascal Rogé, Boris Berman, James Ehnes and Jian Wang provided individual performance feedback to students from the Queensland Conservatorium Griffith University and University of Queensland Music School, and a fascinated audience.

TQO's relationship with the Queensland Conservatorium was further cemented by signing of a Memorandum of Understanding to formalise orchestral training activities voluntarily co-ordinated by TQO players into an academically credited program. TQO clarinetist Brian Catchlove was engaged as co-ordinator of this program.



Ben Lee

ONLINE

The Queensland Orchestra website and e-marketing tools continued to contribute to ticket sales and brand awareness throughout 2008. Website monthly page visits averaged at 16,700 and the Tune In fortnightly e-newsletter to a database of 3600 continued to run timely stories, promotions and giveaways. The Education e-newsletter and Groups e-newsletter did not run in the 2008 season. The 2008 website hosted program downloads, media release and review downloads, and sound bites of upcoming concert repertoire. The online subscription tool for the 2009 season was not developed due to budget constraints and low user interaction in 2008. From June to November, a *Happy Hour* weekly e-flyer was pioneered to encourage the Last Minute and Priority Bookings database to purchase \$20 tickets to a selected concert in a pre-arranged one hour period. This activity ceased as it discouraged subscribers to purchase full price tickets and devalued The Queensland Orchestra product. The sales of *Happy Hour* tickets also decreased dramatically as the promotion continued.

BROADCAST

The marketing team re-allocated funds in the 2009 budget to produce a television commercial (TVC) starring the Orchestra and Chief Conductor, Johannes Fritzsch. Ferry Road Studio 420 hosted the production which was recorded and developed by TPD Media in October 2008. The TVC was produced under the intention for on-air advertising, FOH replay and online download throughout the 2009 season.

ABC Classic FM radio continued to record and replay many Queensland Orchestra concerts in the 2008 season. Various radio stations were also approached for more on-air interviews, competitions and ad-lib in addition to paid advertising spots throughout the 2008 season. Special concert, Ben Lee, was partnered with Nova 106.9 with a similar approach.

SOLOIST ROLES

A commitment to featuring its own musicians in soloist roles continued to be a feature of TQO programming. Concertmaster Warwick Adeney received commendation for his prominent role in Queensland Ballet's *Swan Lake*, Principal Oboe Duncan Tolmie performed a preview of Martinu's Oboe Concerto at the launch of the 2009 season, and violinist Joan Shih performed demanding solo *The Lark Ascending* in four Primary School concerts.

APPOINTMENTS

TQO's ensemble playing has been complimented in critical reviews with increasing regularity in recent seasons. Further consolidation was achieved in 2008 through the permanent appointment of Section Principal Clarinet Irit Silver, Principal First Violin Rachel Smith and Tutti Violin Rebecca Seymour. Auditions resulted in successful appointments to trial in the additional key positions of Section Principal Flute, Principal Contrabassoon, Associate Principal Horn and Trombone, and Tutti Violin.

EXTERNAL ENGAGEMENTS

A policy of relieving players of orchestral duties to undertake short term career development saw TQO players performing with the Malaysian Philharmonic Orchestra, Australian Chamber Orchestra, Sydney Symphony, Melbourne Symphony Orchestra, and Colorado Music Festival during 2008. A valuable individual and orchestral benchmarking exercise, this policy reflects standard practice in European orchestras.

TQO musicians dedicated additional time to maintaining their chamber music skill via performances in the Ferry Road Chamber Players series, ABC Live broadcasts, Stradbroke Island Chamber Music Festival and the Australian Festival of Chamber Music. Artistic Administrator Richard Wenn represented TQO on numerous national judging panels including Young Performers Awards and Australian Singing Mathy Awards.

REVIEW IMPLEMENTATION

2008 saw the roll-out of a Leadership Development Program created by TQO in response to recommendations of the 2005 Orchestras Review led by James Strong. Section Leaders met regularly with organisational specialist Dr Tim Baker to workshop a range of problem solving strategies. One-on-one consultations and whole-of-section sessions were also offered. The dual leadership and performing role of Section Principal Players is now entrenched in the organisation's culture and policies.

Collectively negotiated changes to musicians' employment agreements saw further scheduling efficiencies implemented in line with Review requirements.



TQO's Irit Silver (clarinet)

FINANCIAL VIABILITY

ECONOMIC IMPACT

2008 marked TQO's first annual loss result since 2003. TQO's relative reliance on normally high risk, high return Special Events exposed the company significantly to the negative box office effects of the worldwide economic downturn. Special Event earning capacity was also constrained by a reduced number of Australian tours being undertaken by popular artists, and a severe lack of venue availability in Brisbane. These Special Event dynamics were a key area of focus for TQO in 2009 season budgeting.

While sponsorship decreased in 2008 in line with the experience of the not-for-profit sector at large, TQO's involvement in Artsupport Australia's Philanthropy Mentoring Program saw a 25% increase in donations through the implementation of additional campaigns, and more personalised donor communications.

GOVERNMENT SUPPORT

The Australia Council for the Arts and Arts Queensland provided both core operational support, and additional funding for ongoing implementation of Orchestra Review recommendations, which assisted TQO's finalisation of a further three Loss of Proficiency packages in 2008. Implementation activities undertaken by all State orchestras were reviewed by consultants LECG throughout the latter months of 2008, with TQO's management contributing extensively to discussion and analysis. An outcome report published in early 2009 stated that the orchestras had made a smooth transition to become fully independent companies following their divestment from the ABC, but that the sector remains sensitive to loss of income from any changes in its trading conditions.

COMMERCIAL ACTIVITIES

Through an increasingly commercial approach to split orchestra scheduling, TQO was able to take advantage of a number of profitable engagements in 2008. *AmbiClassics*, the pilot classical offshoot of the renowned Ambiwerra Jazz Festival, saw TQO provide an outdoor, opera-inspired concert, while a 37-piece orchestral ensemble opened the Lord Mayor's Business Awards. TQO also expanded its Knowing the Score development program for corporate leaders to include University of Queensland MBA students, and was engaged by The Australian Ballet for its Brisbane season of *Giselle*.



Judith Durham

ANNUAL FINANCIAL REPORT

31 DECEMBER 2008

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The Queensland Orchestra Pty Ltd
A.B.N. 55 122 464 706

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report together with the financial report of The Queensland Orchestra Holdings Ltd (the Company) for the year ended 31 December 2008 and the auditor's report thereon. The financial report represents the consolidated economic entity (group) comprising The Queensland Orchestra Holdings Ltd and its controlled entities, namely The Queensland Orchestra Pty Ltd.

DIRECTORS

The directors of the company at any time during or since the financial year are:

G K Wanchap	Chairman, Chairman of Finance and Audit Committee (Until 19 November 2008)
T Denholder	Chairman of Finance and Audit Committee (from 19 November 2008)
R Gardner	
J E Hodgson	
I M D O'Brien	
M P Smith	(resigned 17 December 2008)
J M Walker	
P Bračaniin	(appointed 24 September 2008)
C J Barker AM	(resigned 21 January 2008)

The directors were in office for the whole year and up to the date of the report unless otherwise stated.

BOARD AND COMMITTEE MEETINGS

The number of Board and formal Committee meetings held during the period that the director was a member of the Board or the Committee and the numbers of meetings attended during that period are:

Director	Board		Finance and Audit Committee	
	Held (A)	Attended (B)	Held (A)	Attended (B)
G K Wanchap	12	12	10	10
T Denholder	12	10	10	9
R Gardner	12	12	1	1
J E Hodgson	12	12		
I M D O'Brien*	12	10		
M P Smith	12	12	10	8
J M Walker	12	10		
P Bračaniin	4	3		
C J Barker AM	-	-		

*Mr O'Brien granted leave of absence from June to July 2008.
(A) represents the number of meetings for which the director was eligible to attend
(B) represents the number of meetings attended by the director

The Executive, Artistic and Development & Communication Committees also met during the course of the year on an as needs basis.

PRINCIPAL ACTIVITIES

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

REVIEW AND RESULTS OF OPERATIONS

The net loss for the year to 31 December 2008 was \$806,543 (year ended 31 December 2007: \$1,593,715 profit).

The company presented 86 performances during the twelve months ended 31 December 2008. The majority of the concerts were held in Queensland Performing Arts Centre Concert Hall, Brisbane City Hall Auditorium and the Conservatorium Theatre South Bank. In addition, the company provided pit services for a further 58 performances of Opera Queensland, Queensland Ballet and The Australian Ballet, 5 recordings for ABC and Melba Recordings, and other additional performances as a hired orchestra.

STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS

The group has scheduled performances of orchestral music which it will continue to present during the next financial year. The group's financial viability is dependent on maintaining its current level of government funding, corporate sponsorship and ticket sales.

DIVIDENDS

No dividends were paid or proposed during the financial year.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

Since the end of the previous financial year, other than set out in the following paragraph, the group 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 group.

Insurance premiums

During the financial year, the group has paid premiums in respect of directors' and officers' liability and legal expenses for the year ended 31 December 2008. Since the end of the financial year, the group has paid or agreed to pay premiums in respect of such insurance contracts for the year ended 31 December 2009. Such insurance contracts insure persons who are or have been directors or officers of the group against certain liabilities (subject to certain exclusions).

The 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. All costs to date have been expensed as incurred in the financial report.

AUDITOR'S INDEPENDENCE

The directors have received a declaration of independence from the auditor, this report can be found on page 34.

EVENTS SUBSEQUENT TO BALANCE DATE

No events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the income statement and balance sheet.

Signed in accordance with a resolution of the directors:



Greg Wanchap

Director

Brisbane

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated		Parent	
		31/12/08	31/12/07	31/12/08	31/12/07
		\$	\$	\$	\$
REVENUE					
Funding revenue	2	9,178,891	9,465,152	9,088,891	10,445,910
Ticket sales	3	1,873,055	3,103,653	-	-
Sponsorship and donation revenue	4	552,924	750,259	-	-
Orchestral hire		298,267	328,038	-	-
Other revenue	5	396,530	502,315	-	-
Other Income	6	-	985,395	-	3,039,395
		12,299,667	15,134,812	9,088,891	13,485,305
EXPENSES					
Impairment loss		-	-	198,223	-
Employee expenses	7	8,639,103	8,440,297	-	-
Artists fees and expenses		959,923	1,172,802	-	-
Marketing expenses		739,936	850,360	-	-
Production expenses		1,079,283	1,211,877	-	-
Service fees		230,101	215,105	-	-
Depreciation and amortisation	7	58,452	41,898	-	-
Other expenses from ordinary activities		1,383,574	1,608,758	-	-
Funding expense		-	-	9,088,891	12,499,910
Loss on disposal of instruments		15,838	-	-	-
		13,106,210	13,541,097	9,088,891	12,499,910
NET PROFIT/(LOSS) FOR THE YEAR		(806,543)	1,593,715	(198,223)	985,395

The Income Statement should be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	Consolidated		Parent	
		31/12/08	31/12/07	31/12/08	31/12/07
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and Cash Equivalents	15	2,424,731	3,307,680	-	-
Trade and Other Receivables	8	80,899	143,092	-	-
Other	9	408,143	290,179	-	-
Total Current Assets		2,913,773	3,740,951	-	-
Non-Current Assets					
Property, plant and equipment	10	413,936	358,669	-	-
Investment in controlled entities	11	-	-	787,172	985,395
Total Non-Current Assets		413,936	358,669	787,172	985,395
Total Assets		3,327,709	4,099,620	787,172	985,395
LIABILITIES					
Current Liabilities					
Trade and Other Payables	12	245,632	259,626	-	-
Deferred revenue	13	444,152	620,110	-	-
Provisions	14	1,695,382	1,468,733	-	-
Total Current Liabilities		2,385,166	2,348,469	-	-
Non-Current Liabilities					
Provisions	14	155,371	157,436	-	-
Total Non-Current Liabilities		155,371	157,436	-	-
TOTAL LIABILITIES		2,540,537	2,505,905	-	-
NET ASSETS		787,172	1,593,715	787,172	985,395
EQUITY					
Retained Profits	20	787,172	1,593,715	787,172	985,395
TOTAL EQUITY		787,172	1,593,715	787,172	985,395

The Balance Sheet should be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED

	Retained Profits	Total
	\$	\$
As at 1 January 2007	-	-
Profit for the year	1,593,715	1,593,715
As at 31 December 2007	1,593,715	1,593,715
Profit/(Loss) for the year	(806,543)	(806,543)
As at 31 December 2008	787,172	787,172

PARENT

	Retained Profits	Total
	\$	\$
As at 1 January 2007	-	-
Profit for the year	985,395	985,395
As at 31 December 2007	985,395	985,395
Profit for the year	(198,223)	(198,223)
As at 31 December 2008	787,172	787,172

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated		Parent	
		31/12/08	31/12/07	31/12/08	31/12/07
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		2,888,939	4,386,876	-	-
Cash payments in the course of operations		(12,954,533)	(13,784,731)	-	-
Cash payments to subsidiary		-	-	(9,088,891)	(12,499,910)
Grants received from government funding bodies		8,979,974	9,368,154	9,088,891	12,499,910
Interest received		304,029	382,538	-	-
Net cash provided by / (used in) operating activities	15(b)	(781,591)	352,837	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(101,358)	(241,447)	-	-
Proceeds from sale of property, plant & equipment		-	-	-	-
Net cash used in investing activities		(101,358)	(241,447)	-	-
Net increase/(decrease) in cash held		(882,949)	111,390	-	-
Cash & Cash Equivalents at the beginning of the financial year		3,307,680	3,196,290	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15(a)	2,424,731	3,307,680	-	-

The Cash Flow Statement should be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This special purpose financial report has been prepared for distribution to the members to fulfil the directors' financial reporting requirements under the Tripartite Funding Agreement between the Australia Council for the Arts (Federal Government) and Arts Queensland (State Government) and The Queensland Orchestra Holdings Ltd ("Tripartite Agreement") signed 7 December 2006. The accounting policies used in the preparation of this financial report, as described below, are consistent with the financial reporting requirements of the Tripartite Agreement and with previous years, and are, in the opinion of the directors, appropriate to meet the needs of members:

- (i) The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.
- (ii) The requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to The Queensland Orchestra Pty Ltd because it is not a "reporting entity". The directors have, however, prepared the financial report in accordance with all Accounting Standards and other mandatory financial reporting requirements in Australia with the following exceptions:
 - AASB 7 Financial Instrument Disclosure
 - AASB 8 Segment Reporting
 - AASB 117 Leases
 - AASB 124 Related Parties
 - AASB 127 Consolidated and Separate Financial Statements

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of The Queensland Orchestra Holdings Limited and its subsidiary as at 31 December 2008. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The acquisition of The Queensland Orchestra Pty Ltd on 1 January 2007

was accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of The Queensland Orchestra Pty Ltd for the period from its acquisition on 1 January 2007. Where the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognized as a gain in the income statement (discount on acquisition), but only after reassessment of the identification and measurement of the net assets acquired.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Concert Revenue

Concert revenue is recognised at the time of concert performance (Refer also Note 19).

Funding Revenue

Funding revenue is received from the Australia Council for the Arts (as represented by the Major Performing Arts Board) and Arts Queensland under the terms of the Tripartite Agreement entered into in December 2006. Additional funding is also received under the terms of the Orchestra Review Implementation Funding Agreements entered into in December 2006 with MPAB and in February 2007 with Arts Queensland. Funding is received based on payment schedules contained in those agreements between the funding bodies and The Queensland Orchestra Holdings Ltd and is recognised in the calendar year for which it is intended under the terms of the funding agreement. Funding is then transferred onto The Queensland Orchestra Pty Ltd from The Queensland Orchestra Holdings Ltd as required under the Tripartite 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.

Contribution Income

Contribution income represents the fair value of assets received in excess of the cost of the assets where there is a non-reciprocal transfer and is recognised as income once the asset is controlled by the company.

Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating

the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sponsorship and Donations Revenue

Sponsorship

Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are bestowed.

Donations

All donations are brought to account as received.

d) Taxation and Goods and Services Tax

The group is exempt from income tax, capital gains tax and payroll tax by virtue of being a cultural organisation established for the encouragement of music and a charitable institution.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 component of the cash flow arising from the investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Acquisition of assets

Acquired assets are accounted for at cost. Cost is measured as the fair value of assets given or liabilities incurred or assumed at the date of exchange plus cost directly attributable to the acquisition.

f) Cash and cash equivalents

Cash and cash equivalents are carried at face value of the amounts deposited or drawn. The carrying amounts of cash, short-term deposits and bank overdrafts approximate net fair value. Interest revenue is accrued at the market or contracted rates and is receivable on maturity of the short-term deposits.

g) Trade receivables

Trade receivables are carried at original invoice amount less an allowance for any uncollectable amounts. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

h) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation and amortisation

Items of plant and equipment, leasehold improvements, computer equipment and musical instruments are depreciated using the straight-line method over their estimated useful lives.

Each class of asset in the current year was depreciated over the following useful lives:

Asset class	Useful life
Office equipment	Between 5 and 10 years
Musical instruments	Between 5 and 10 years
Computer equipment	Between 2 and 5 years
Furniture, fixtures and fittings	10 years

Costs incurred on property, plant and equipment, which do not meet the criteria for capitalisation, are expensed as incurred.

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 against profits 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

i) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Impairment losses are recognised in the income statement.

j) Trade payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the group. Trade accounts payable are normally settled within 30 days.

The carrying value of accounts payable approximates net fair value.

k) Employee benefits

Wages, Salaries and Annual Leave

The provisions for employee benefits to wages, salaries and annual leave represent the amount which the group has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on wage and salary rates which are expected to be paid when the liability is settled and include related on-costs.

Long Service Leave

The liability 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 balance date.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to Commonwealth Government securities at balance date which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates, and the group's experience with staff departures. Related on-costs have also been included in the liability.

Superannuation Plans

The group contributes to several defined contribution superannuation plans. Employer contributions in relation to the year ended 31 December 2008 have been expensed against income.

l) Investment in controlled entities

The Queensland Orchestra Pty Ltd was incorporated on 30 October 2000, and on 1 January 2001 undertook the operations of the Queensland Symphony Orchestra and Queensland Philharmonic Orchestra.

On 17 February 2003 the company name was changed from Queensland Orchestras Pty Ltd to The Queensland Orchestra Pty Ltd.

The Queensland Orchestra Holdings Ltd was incorporated on 31 October 2006.

The Queensland Orchestra Holdings Ltd acquired The Queensland Orchestra Pty Ltd on 1 January 2007.

m) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Board monitors this through budget and cash flow management and takes corrective action to increase revenue or minimise expenditure, where required. At 31 December 2008, the group recorded a loss from ordinary activities of \$806,543 and total assets of \$3,327,719 exceeded its total liabilities of \$2,540,537 by \$787,182. Current assets exceeded current liabilities by \$528,617. The group is forecasting a loss for the year ended 31 December 2009.

The Board of The Queensland Orchestra Holdings Ltd believes that the group is a going concern and will be able to pay debts as and when they fall due. This is because:

- The Queensland Orchestra Holdings Ltd has entered into a Tripartite Agreement for a three year period commencing 1 January 2007. This funding is on funded to the group to operate the orchestra.
- Additional funding has been agreed at State and Federal level until 2009 following the implementation of the Orchestra Review recommendations.

2. FUNDING REVENUE

	Consolidated		Parent	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$	\$	\$	\$
Australia Council MPAB Annual Grant	6,438,883	6,259,324	6,438,883	6,259,324
MPAB Orchestra Review Implementation Grant	60,990	387,016	60,990	387,016
MPAB Orchestra Review Implementation Grant – 2006	-	-	-	833,870
Arts Queensland Annual Grant	2,564,707	2,499,209	2,564,707	2,499,209
Arts Queensland Orchestra Review Implementation Grant	24,311	112,103	24,311	112,103
Arts Queensland Orchestra Review Implementation Grant – 2006	-	-	-	354,388
Grants Dedicated	50,000	147,500	-	-
Brisbane City Council Grant	40,000	60,000	-	-
	9,178,891	9,465,152	9,088,891	10,445,910

ECONOMIC DEPENDENCY

A significant portion of the group's annual revenue consists of funding from federal and state governments, through the Australia Council for the Arts and Arts Queensland. As a result, the group has an economic dependency on these entities.

The Company had a three-year contract securing base funding in place with the Australia Council for the Arts and Arts Queensland that commenced on 1 January 2007 and expires on 31 December 2009. As required, these amounts are then funded to The Queensland Orchestra Pty Ltd to operate The Queensland Orchestra.

In 2007 the Orchestra Review Implementation Grants from the Australia Council for the Arts and Arts Queensland relate to Loss of Proficiency funding.

In 2006 the Orchestra Review Implementation Grants from the Australia Council for the Arts and Arts Queensland relate to Loss of Proficiency funding and support towards legal and human resource consultancy costs as a result of divestment.

3. TICKET SALES

	31/12/08	31/12/07	31/12/08	31/12/07
Subscription sales	802,883	833,915	-	-
Single ticket sales	1,070,172	2,269,738	-	-
	1,873,055	3,103,653	-	-

4. SPONSORSHIP AND DONATION REVENUE

Sponsorship	464,380	677,245	-	-
Guild membership	2,727	4,200	-	-
Donations	85,817	68,814	-	-
	552,924	750,259	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

5. OTHER REVENUE

	Consolidated		Parent	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$	\$	\$	\$
<i>From operating activities</i>				
Interest income	304,029	382,538	-	-
<i>From outside operating activities</i>				
Other	92,501	119,777	-	-
	396,530	502,315	-	-

6. OTHER INCOME

Australia Council for the Arts – Orchestra Review Implementation Funding Agreement – 2006	-	-	-	1,468,610
Arts Queensland – Orchestra Review Implementation Funding Agreement – 2006	-	-	-	585,390
Contribution income	-	-	-	985,395
Discount on acquisition	-	985,395	-	-
	-	985,395	-	3,039,395

7. OPERATING PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities has been arrived at after charging/(crediting) the following items:				
Depreciation:				
Musical instruments	27,830	16,333	-	-
Office equipment	8,603	6,774	-	-
Furniture, fixtures and fittings	16,744	12,265	-	-
Computer equipment	5,275	6,526	-	-
Total Depreciation	58,452	41,898	-	-
Lease rental expense – operating leases	25,992	29,882	-	-
Employee Expenses:				
Salaries & Wages	7,418,994	7,000,980	-	-
Superannuation	1,026,614	994,887	-	-
Workers Compensation	70,146	74,618	-	-
Redundancies	123,349	369,812	-	-
Other Employee Expenses	-	-	-	-
Total Employee Expenses	8,639,103	8,440,297	-	-

8. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$	\$	\$	\$
Current				
Trade debtors	42,846	116,057	-	-
Other debtors	38,053	27,035	-	-
	80,899	143,092	-	-

9. OTHER CURRENT ASSETS

Prepayments	408,143	290,179	-	-
	408,143	290,179	-	-

10. PROPERTY, PLANT AND EQUIPMENT

	Musical instruments	Office equipment	Computer equipment	Furniture, fixtures and fittings	Total \$
<i>Cost</i>					
Opening balance	450,838	57,578	95,147	144,612	748,175
Additions	70,075	2,402	1,815	55,265	129,557
Transfer	(8,000)			8,000	-
Disposals	(28,198)				(28,198)
Closing balance	484,715	59,980	96,962	207,877	849,534
<i>Accumulated depreciation</i>					
Opening balance	(191,584)	(36,253)	(87,283)	(74,386)	(389,506)
Depreciation expense	(27,830)	(8,603)	(5,275)	(16,744)	(58,452)
Transfer					-
Disposals	12,360				12,360
Closing balance	(207,054)	(44,856)	(92,558)	(91,130)	(435,598)
Net book value, 31 December 2008	277,661	15,124	4,404	116,747	413,936
Net book value, 31 December 2007	259,254	21,325	7,864	70,226	358,669

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

11. INVESTMENT IN CONTROLLED ENTITIES

	Consolidated		Parent	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$	\$	\$	\$
Investment in controlled entities, at cost	-	-	985,395	985,395
Less: Impairment loss	-	-	(198,223)	-
	-	-	787,172	985,395

An impairment loss of \$198,223 was recognised in respect of investment in controlled entities during the 2008 year. The investment in the controlled entity was impaired as a result of the financial performance of the controlled entity. The impairment loss has been recognised in the income statement in the line item 'Impairment loss'.

12. TRADE AND OTHER PAYABLES

Trade creditors	127,703	130,280	-	-
Other creditors and accruals	117,929	129,346	-	-
	245,632	259,626	-	-

13. DEFERRED REVENUE

State funding received in advance	64,838	89,149	-	-
Federal funding received in advance	-	-	-	-
Brisbane City Council grant received in advance	-	30,000	-	-
Subscriptions received in advance	379,314	500,961	-	-
	444,152	620,110	-	-

14. PROVISIONS

a) Current employee benefits – Note 16	1,695,382	1,468,733	-	-
b) Non-current employee benefits – Note 16	155,371	157,436	-	-

15. CASH FLOW STATEMENT

(a) Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial period as shown in the cash flow statement are as follows:

	Consolidated		Parent	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$	\$	\$	\$
Cash at Bank	2,301,399	3,161,393	-	-
Divestment Funds account	64,838	89,149	-	-
TQO Fund account	58,494	57,138	-	-
	2,424,731	3,307,680	-	-

(b) Reconciliation of profit from ordinary activities to net cash (used in)/provided by operating activities

Profit/(Loss) from ordinary activities	(806,543)	608,320	-	-
Less items classified as investing/financing activities:				
Loss on disposal of non-current assets	-	-	-	-
Add/(less) non-cash items:				
Charges to provisions	224,585	14,845	-	-
Disposal of Fixed Assets	(12,361)	-	-	-
Depreciation	58,452	41,272	-	-
Net cash (used in)/provided by operating activities before change in assets and liabilities	(535,867)	664,437	-	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	72,192	85,149	-	-
(Increase)/decrease in other assets	(117,964)	7,418	-	-
Increase/(decrease) in accounts payable	(1,035)	(307,169)	-	-
Increase/(decrease) in deferred revenue	(198,917)	(96,998)	-	-
Net cash provided by operating activities	(781,591)	352,837	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

16. EMPLOYEE BENEFITS

	Consolidated		Parent	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$	\$	\$	\$
Current	1,695,382	1,468,733	-	-
Non-current	155,371	157,436	-	-
	1,850,753	1,626,169	-	-

Aggregate employee benefits presented above include on-costs. The present values 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%	4%	-	-
Discount rate	4.1%	6.5%	-	-
Settlement term	10 years	10 years	-	-

At year end, the group employed 83 full-time equivalent employees (2007: 88 employees).

Employees contribute to the Media Superannuation Scheme which is the group's default defined contribution superannuation scheme, as well as other schemes under the freedom of choice legislation. Employer contributions amounting to \$1,026,614 (2007: \$994,887) for the group in relation to these schemes have been expensed in these financial statements.

17. AUDITOR'S REMUNERATION

Auditing of the financial report	23,000	21,000	-	-
Other services	-	-	-	-
	23,000	21,000	-	-

No other benefits were received by the auditor.

18. SEGMENT INFORMATION

For the current and previous financial period the group has performed orchestral music primarily within Queensland, Australia.

19. TICKET SALES

As the group's ticketing agent, Queensland Performing Arts Trust (QPAT) receives monies for ticket sales in advance of the performances. As at 31 December 2008 QPAT held \$247,389 relating to 2009 performances.

20. RETAINED PROFITS

Retained profit/(accumulated losses) at the beginning of the year	1,593,715	-	985,395	-
Net profit from ordinary activities for the year	(806,543)	1,593,715	(198,223)	985,395
Retained profit at the end of the year	787,172	1,593,715	787,172	985,395

21. BUSINESS COMBINATION

On 1 January 2007 Queensland Orchestra Holdings Limited acquired 100% of the shares of The Queensland Orchestra Pty Limited. The cost of the combination was \$985,395 (Refer Note 21(i)).

	Recognised on acquisition
	\$
CURRENT ASSETS	
Cash Assets	3,196,290
Receivables	228,240
Other Assets	297,599
TOTAL CURRENT ASSETS	3,722,129
NON-CURRENT ASSETS	
Property, plant and equipment	158,494
TOTAL NON-CURRENT ASSETS	158,494
TOTAL ASSETS	3,880,623
CURRENT LIABILITIES	
Trade and Other Payables	552,356
Deferred Revenue	731,546
Provisions	1,465,961
TOTAL CURRENT LIABILITIES	2,749,863
NON-CURRENT LIABILITIES	
Provisions	145,363
TOTAL NON-CURRENT LIABILITIES	145,363
TOTAL LIABILITIES	2,895,226
NET ASSETS	985,397
NOTE 21(i) – COST OF THE COMBINATION	
Discount of net assets	985,395
TOTAL COST OF THE COMBINATION	985,395

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

22. CORRECTION OF ERRORS

Other income was understated by \$985,395 for the year ended 31 December 2007. This had the effect of understating consolidated net profit for the year by \$985,395 and net profit in the parent entity for the year by \$985,395. This error also had the effect of understating investments in controlled entities by \$985,385 and understating total assets of the parent entity by \$985,385.

23. SUBSEQUENT EVENTS

No events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the Income Statement and Balance Sheet.

24. ADDITIONAL DISCLOSURES

The special purpose financial report of The Queensland Orchestra Holdings Ltd for the year ended 31 December 2008 was authorised for issue in accordance with a resolution of directors on 25 March 2009.

The Queensland Orchestra Holdings Ltd is a public company limited by guarantee, incorporated in Australia and having its principal place of business at:

53 Ferry Road
West End QLD 4101

The company's registered office address is:

53 Ferry Road
West End QLD 4101

DIRECTORS' DECLARATION

In the opinion of the directors of The Queensland Orchestra Holdings Ltd and its controlled entities:

1. the consolidated financial statements and notes, set out on pages 16 to 35 present fairly the financial position of the Group and of the Company as at 31 December 2008 and of their performance for the year ended on that date in accordance with the Tripartite Agreement, and Australian Accounting Standards, (including the Australian Accounting Interpretations); and
2. at the date of this statement, 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:



Greg Wanchap

Director

Brisbane

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's independence declaration to the directors of The Queensland Orchestra Holdings Limited

In relation to our audit of the financial report of The Queensland Orchestra Limited for the financial year ended 31 December 2008, 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.

Ernst & Young

Alison de Groot
Partner

31 March 2009

INDEPENDENT AUDIT REPORT



Independent auditor's report to the members of The Queensland Orchestra Holdings Limited

We have audited the accompanying special purpose financial report of The Queensland Orchestra Holdings Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, 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' declaration⁷ of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members. 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 judgment, 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.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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.

AUDITOR'S OPINION

In our opinion the financial report of The Queensland Orchestra Holdings Limited is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of The Queensland Orchestra Holdings Limited and the consolidated entity as at 31 December 2008 and of their performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
- complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and complying with the *Corporations Regulations 2001*.

Ernst & Young

Alison de Groot
Partner

31 March 2009

APPLAUSE

The Queensland Orchestra applauds the support of the following patrons who have given to our *Create New Sounds* and 2008 *Encore* appeals, funding the purchase of vital new instruments and the growth of our Music Library.

GOLDEN BATON (\$5,001+)

Mr Arthur Waring

SYMPHONY (\$2,001 – \$5,000)

Ms Susan Brinnand
Professor Ian & Ms Caroline Frazer
Mr Trevor & Ms Wendy Jackson

CONCERTO (\$1,001 – \$2,000)

Dr Philip Aitken & Dr Susan Urquhart
Dr John & Ms Jan Blackford
Ms Leoni Henry
Ms Pam Masel
Dr Nicholas Nicolaides AM & Ms Rene Nicolaides OAM
Ms Valmai Pidgeon
Mr Chris Roelfsema
Mr John Story

SUITE (\$501 – \$1,000)

Mrs Gwenda Heginbotham
Dr Alison Holloway
Mr Ian Paterson

OVERTURE (\$151 – \$500)

Dr G & Mrs E Barnes
Dr Julie Beeby
Ms Trudy Bennett
Miss Bobbie Bevan
Mr John Biggs
Mrs Valma Bird
Mr Sterle Buchanan
Dr Lillian Cameron
Ms Roslyn Carter
Mr Ian Charlton
Mrs Brigitte Christmas
Mr Roger Clarke
Mrs P Cox
Mrs Carol Cranitch
Mrs Betty Crouchley
Professor & Mrs Matt Darveniza AO FTSE
Mrs Gilly Donnelly
Dr Leone Doyle
Professor B & Mrs E Emmerson
Mrs Olive Evans
Mr Richard Friend

Dr D & Mrs J Frost
Professor Robert Gilbert
Mrs Ruth Gough
Mr D Harvey
Mrs Shirley Handicott
Miss Yvonne Hansen
Mr David Hardidge (United Way)
Mr Charles Harrison
Ms Barbara Hawken
Mr W & Mrs L Heaslop
Hyne & Sons Pty Ltd
Mr G & Mrs M Ilett
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Mrs Patricia Killoran
Ms Gillian Lancelot
Mrs Jennifer Le Gassick
Mrs Heather Lustig
Mr David & Mrs Janette Marshall
Mrs Kathleen McCullagh
Ms Robyn McKay
Mrs Margaret McNamara
Mr Desmond Misso Esq.
Mr & Mrs G Moffett
Mr Howard Munro
Mr R Nilsson
Dr Richard Orme
Mr Jordan Pearl
Mrs Leah Perry
Mr Gordon & Mrs Lyn Pfeiffer
Mr Jeff & Mrs Lyn Powell
Ms P Priest
Mrs Rose Scheimann
Dr Christopher & Mrs Judith Schull
Mrs Cathy Scott
Southern Cross Broadcasting
Mr P Stevenson
Mr John Stoll
Mr Denis Stone
Ms Marcia Tommerup
United Way
Mr Allan Ward
Professor Hans & Mrs Frederika Westerman
Mrs Jeanette Woodyatt
Mr Rodney Wylie

PARTNERS

THE QUEENSLAND ORCHESTRA APPLAUDS THE SUPPORT OF ITS VALUED STAKEHOLDERS

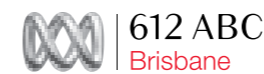
GOVERNMENT FUNDERS



The Queensland Orchestra is assisted by the Australian Government through the Australia Council, its arts funding and advisory body.



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