

**Australia
Business Arts
Foundation**



AbaF Survey of Private Sector Support for the Arts 2008

Key Findings

July 2008

SUMMARY

During April 2008, the Australia Business Arts Foundation (AbaF) surveyed a sample of more than 700 arts and cultural organisations in Australia in order to measure the amount of private sponsorship and donations they received in 2006-07.

The survey found that:

- private sector support for the arts amounted to \$171.1 million.
- sponsorship comprised \$84.4 million of this total
- donations accounted for the remaining \$86.7 million
- the ratio between sponsorship and donations, while roughly equivalent at a national level, varied quite significantly between each state and art sector
- organisations located in New South Wales and Victoria received 71 percent of nationwide private support
- major collecting institutions and performing arts companies secured more than two-thirds of the private support given to all organisations
- arts festivals relied on private investment to a greater extent than other sectors
- smaller organisations were more reliant on the support of the private sector than larger organisations.

AbaF will conduct the survey annually to gather consistent data and identify significant trends in private support for the arts.

This report is divided into the following sections:

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INTRODUCTION

The scale and composition of private sector investment in arts and culture across Australia is not at present routinely measured and explored within a clear and consistent methodological framework.

Loosely connected previous Federal Government studies investigating private sector support (ABS 1999, 2002; DFACS 2005) have been sporadic and lacking continuous methodologies. The Australian Major Performing Arts Group's current and ongoing survey of private support (AMPAG 2008) is devoted to a small cross-section of art forms and not aimed at taking into account the entire range of the not-for-profit arts and cultural sector. AbaF's former studies in the area (AbaF 2003, 2004) were designed for monitoring existing client experiences and as such did not attempt to extrapolate a set of national figures for all arts organisations.

The breadth of stakeholders' knowledge of private funding for the arts sector as a whole is consequently narrow and only partially adequate for appropriate decision making. The arts community, businesses and government require a more complete and nuanced account of the magnitude and apportionment of private funding in order to develop effectual fundraising, sponsorship and grant seeking strategies.

AbaF has established the Survey of Private Sector Support for the Arts (the AbaF survey) with the aim of gaining a more complete understanding of the environment for private sponsorship and donations for arts and culture in Australia. The AbaF survey is designed to measure private support on a recurring annual basis for not-for-profit arts organisations that are:

- engaged in all art forms

- of all sizes (in terms of both turnover and number of employees)
- across all states and regions.

AbaF's general approach to the survey is modelled on the annual Private Investment in Culture Survey (PICS) conducted by Arts & Business in the UK since 1976. According to Arts & Business, the UK is the only nation in the world that collects figures on business investment and private donations for its arts organisations every year. This regularity, along with the consistent methodology of the PICS, enables Arts & Business to plot and investigate significant year-on-year trends in the market for the benefit of stakeholders.

Both the AbaF and Arts & Business methodologies involve surveying not-for-profit arts organisations that receive private support as a financial input. Since the majority of organisations across the arts and cultural sector are highly conscious of the need for reliable and concise data regarding the composition of private funding, the importance of a national survey designed to elicit this information is broadly recognised. This high level of mutual understanding between arts organisations has enabled AbaF to achieve a satisfactory response rate in its first national survey.

METHODOLOGY

With the aim of generating a sample representing the major proportion of Australia's not-for-profit arts and cultural sector currently receiving monetary support from the private sector, AbaF invited 708 organisations to participate in its inaugural survey.

Only eligible deductible gift recipients (DGR) were included within the sample, precluding a number of entities managed through Local Government councils. The sample contained:

- major organisations recurrently funded through the Australia Council and/or State Government arts agencies in the 12 months preceding the survey
- a blend of other small- and medium-sized companies drawn from the Register of Cultural Organisations (ROCO)
- other not-for-profit organisations from AbaF's client database, including a selection of public museums, art galleries and state libraries, which are not routinely included within ROCO.

Utilising the Australian Culture and Leisure Classifications (ABS 2001), invited organisations were grouped according to the following 10 arts sectors (see *Glossary for definitions*):

- libraries
- museums and galleries
- literature and print media
- performing arts
- visual arts, craft and design

- film, television, radio and electronic media
- arts education
- arts festivals
- support services to the arts
- other arts and cultural organisations.

Organisations were categorised into sectors before sending out survey invitations, but to verify our assumptions we asked them to select the one sector to which they felt they most belonged. We were then able to re-group the responding cohort accordingly.

Based on the number and source of responses received, the survey's findings were sufficiently accurate across four of the ten sectors (these were libraries, museums and galleries, performing arts, and arts festivals). The remaining sectors either failed to yield statistically tolerable results due to a low response rate or contained so few organisations that the confidentiality of any one participating organisation may have been compromised. For the purposes of this report, organisations belonging to the remaining six sectors have been aggregated in a new 'other arts' category.

Survey coordination

The process of inviting organisations to participate in the survey was rolled out through AbaF's state offices, with the New South Wales and South Australia offices coordinating invitations to the Australian Capital Territory and Northern Territory respectively. Each organisation in the sample was sent an email addressed, where possible, to an appropriate executive or business manager. The invitations briefly explained the

importance of the project and directed willing participants to an online questionnaire. The survey remained open to participants from mid-March to mid-April. During the course of the survey, up to two reminder emails were sent to organisations yet to participate. To encourage participation, six randomly drawn prizes supplied by AbaF's major wine partner were offered.

Survey participation

Survey responses were only considered complete and valid if the recipient provided their contact details. This ensured only one response per organisation was received and that no other organisations outside our sample were included within the response cohort. It also enabled us to verify potentially doubtful data entries.

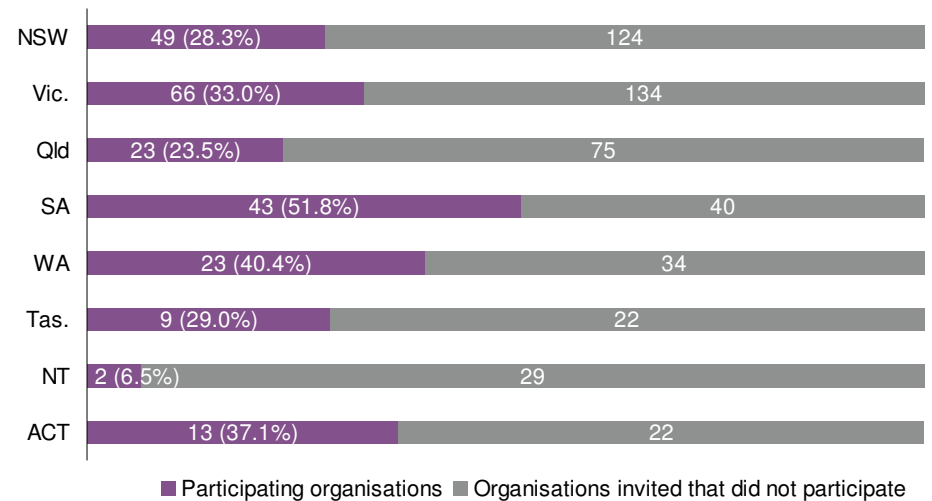
For some non-responding institutions we were able to gather the required information from publicly available annual reports and financial statements.

Valid survey responses were received from a total of 228 organisations, representing 32.2 percent of the sample. This was a satisfactory response rate, given that the survey was:

- entering the market for the first time, without an associated brand history
- conducted online, where logistical advantages are typically offset by the accumulation of fewer responses
- favourably received on a level comparable to the UK's PICS survey for the same 2006-07 period, which achieved a response rate of 29.6 percent.

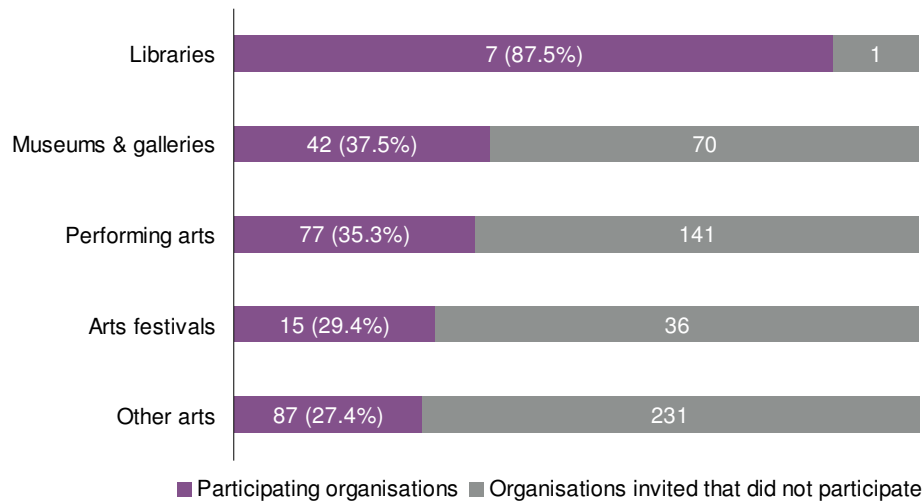
South Australian organisations registered the highest response rate, with just over half of the invited organisations completing the survey. A satisfactory rate of response was received from all other states and territories with the exception of the Northern Territory, where survey returns were very low (*see Figure 1*). (Given the Northern Territory's low rate of response, its findings are subsequently reported together with those of South Australia's throughout the rest of this report.)

Figure 1. Participation rate for each state/territory



We were able to collect data from almost all state libraries and achieved an acceptable rate of response across the other arts sectors (*see Figure 2, over*).

Figure 2. Participation rate for each art sector



believe that the final grossed up figure for private support for the arts offers a conservative but realistic estimate.

Figure 3. Participation rate for organisation location



The survey response rate was higher among metropolitan organisations than regional organisations (see *Figure 3, right*).

Data extrapolation

To obtain extrapolated figures for the value of private sector support for the arts in Australia, a grossing up method was applied using employment data as an indicator for the scale of organisational operations, including the amount of financial input received in the form of sponsorship and donations.

In all areas of data capture, measurement and extrapolation, a conservative approach was taken when unknown variables were involved. As a result of this moderation, and given the survey’s inclusion of only those arts organisations that meet strict definitional criteria, we

SURVEY FINDINGS

Private sector support for the arts

Total private sector support for Australia's arts and cultural sector in 2006-07 amounted to at least **\$171.1 million**.

The amount of private sector support measured in the AbaF survey includes all monetary and in-kind sponsorship, corporate donations, grants from foundations and trusts, and contributions from individual members of the community. The estimated value of corporate and individual volunteering is beyond the scope of the AbaF survey and is excluded from this figure.

The 2006-07 period is inclusive of company reporting periods from both the 2006-07 financial year and the 2007 calendar year.

The figure for the amount of total support determined by the AbaF survey is lower than has been reported previously in the *Giving Australia* report (DFACS 2005), which estimated that total business giving to arts and culture amounted to \$303.5 million in 2003-04. This does not necessarily imply that private support for the arts has diminished over the past three years. Methodological differences preclude the usefulness of drawing comparisons between *Giving Australia* and AbaF's survey. *Giving Australia's* extrapolated figures for corporate sponsorship and private donations were based on survey returns from a representative sample of businesses and individuals. AbaF's survey has collected financial data from a selection of arts organisations that are known to receive support and/or are eligible to receive tax deductible gifts. *Giving Australia* was unclear on whether non-monetary forms of giving (like gifts of works of art) were included in its findings. AbaF's survey has specifically excluded types of support that do not fall within our definitions of sponsorship and donations (see *Glossary*).

Considering these dissimilar data collection strategies, we cannot make convincing inferences about recent trends in private sector support for the arts based on comparisons with *Giving Australia*.

When AbaF undertakes its next survey of arts organisations for 2007-08, and annually thereafter, we expect to gain a more conclusive understanding of short- and long-term tendencies in the scale and composition of private sector support.

Sponsorship and donations roughly equivalent on a national level

Total monetary and in-kind sponsorship received from the private sector was roughly equivalent to the amount of donations received from businesses, foundations and trusts, and individual community members:

- Sponsorship: **\$84.4 million**
- Donations: **\$86.7 million**

The equivalence discovered between sponsorship and donations was interesting given the findings of earlier studies, which have variously suggested that arts organisations receive substantially less donations than monetary sponsorship (Australia Council 1996; ABS 1999, 2002) or alternatively a great deal more (*Giving Australia*) (see Table 1).

Table 1. Value of sponsorship and donations for the arts, 1996 to 2006-07

\$ million	1996 (AC/ABS)	2000-01 (ABS)	2003-04 (GA)	2006-07 (AbaF)
Sponsorship	29.2	46.7 ¹	83.6	84.4
Donations	7.9	22.8	219.9	86.7
Total private support	37.1	69.6	303.5	171.1

(Sources: Australia Council 1996; ABS 1999, 2002; DFACS 2005)

¹ Includes \$6.3 million given by businesses in the support of community projects.

Different data collection and extrapolation methodologies have given rise to these discrepancies, which are far more pronounced for the value of donations than they are for sponsorship.

Given the thriving economy of the past few years, it does seem plausible for sponsorship to have almost tripled from just under \$30 million to around \$84 million over the last decade. Less plausible is the notion that donations have increased by a factor of thirteen across the same period, as the gulf between *Giving Australia's* and the earlier *Generosity of Australia Business* (ABS 2002) survey's findings implies. *Giving Australia's* \$219.9 million figure for donations is clearly the product of a measurement system substantially different to that of any applied within previous studies.

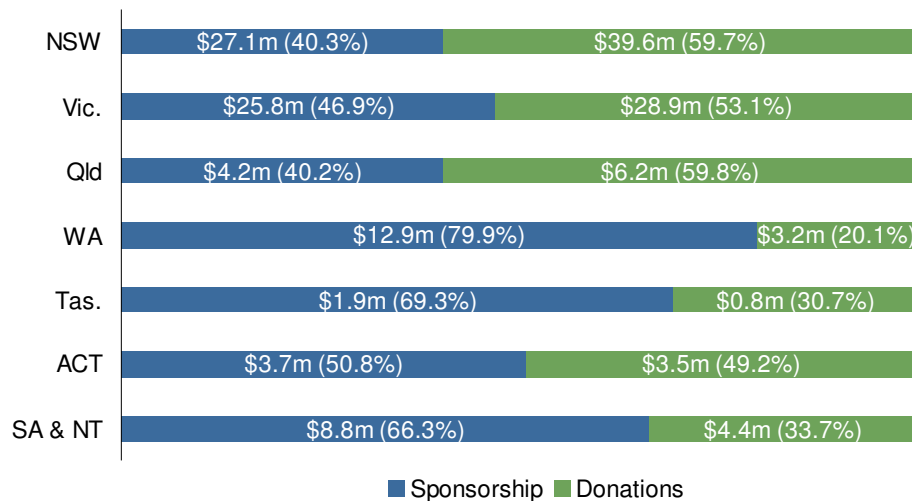
Generally, the value of donations is more difficult to accurately measure than the value of corporate sponsorship, with individuals and giving entities in the community representing a much larger cohort more prone to sampling errors than registered businesses. AbaF's figures for donations have been determined solely from the receiving perspectives of our balanced sample of arts organisations rather than the giving perspectives of a broad selection of individuals and philanthropic entities in the community. We are confident that this cautious approach has enabled us to more reliably gauge the amount of donations that arts organisations received. We will adopt similar data collection strategies in the future to usefully benchmark survey results.

Sponsorship and donations variable across the states

While the ratio between sponsorship and donations is almost equal on a national level, this is not the case at a state level, with only the ACT featuring a near equivalent split.

While organisations in Western Australia, Tasmania and South Australia receive substantially more private support from sponsorship than donations, the reverse is true of organisations based around the eastern seaboard, which attract far more net donations than other organisations around Australia (see Figure 4).

Figure 4. Sponsorship and donations for each state/territory

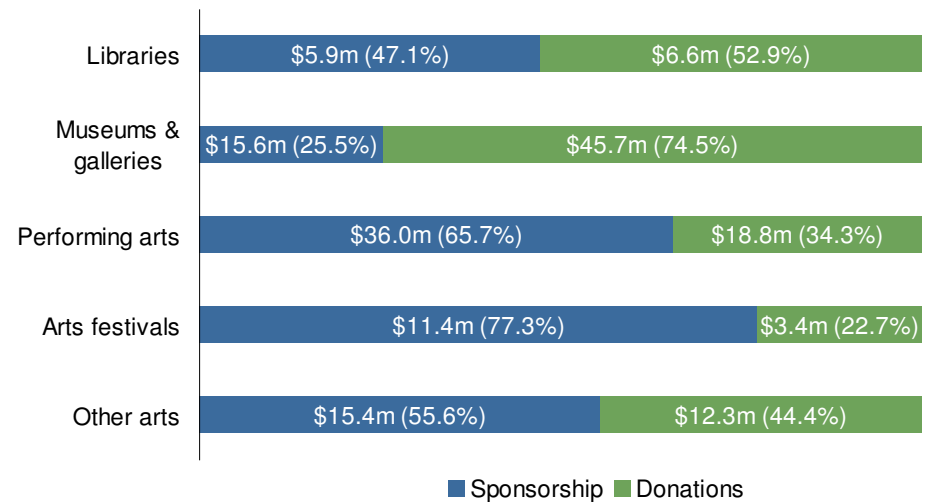


Sponsorship and donations variable across the arts sectors

As for the ratio between sponsorship and donations for each state and territory, there is significant variance in the ratios for each sector with respect to the roughly equivalent nationwide ratio.

Sponsorship is comparatively high for arts festivals and performing arts organisations, while museums and galleries enjoy far greater financial input from donations (see Figure 5).

Figure 5. Sponsorship and donations for each arts sector



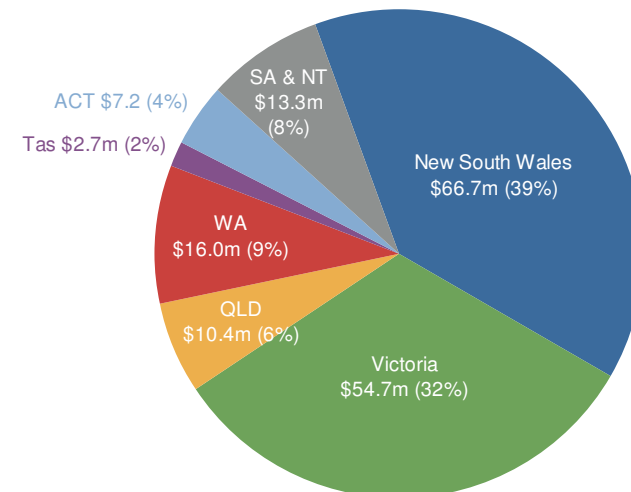
Private support concentrated in New South Wales and Victoria

New South Wales and Victoria together received 71 percent of total nationwide private support for the arts.

With the combined creative workforce in Victoria and New South Wales accounting for at least 69 percent of Australia's creative workforce (Higgs, Cunningham & Pagan 2007), it is unsurprising that these two states gained the largest share of private sector support. The greater majority of corporate headquarters are located in Sydney and Melbourne, which affords greater access to business for arts organisations in those places.

Perhaps more surprising is Queensland's relative weakness in this regard and the comparative strength of Western Australia and South Australia (see *Figure 6, right*). From this, it appears likely that WA's mining boom has underpinned substantial investment in the arts from certain resource companies.

Figure 6. Private support for each state/territory

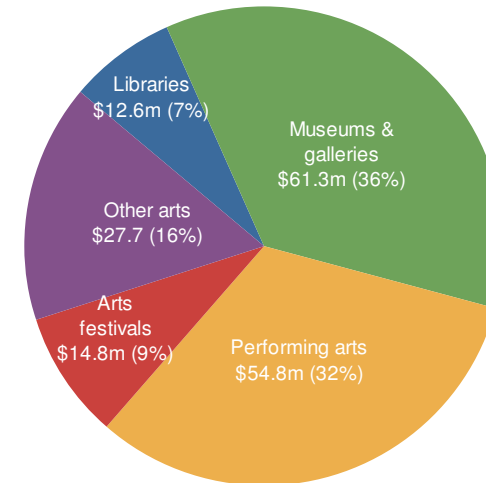


Support concentrated in collecting institutions and performing arts companies

Museums, galleries and performing arts companies accounted for more than two-thirds of the total private support given to all arts organisations.

While not taking into account the number of organisations grouped in each sector, it is clear that major collecting institutions and established major performing arts companies gain the majority of private support given to the arts in Australia (see *Figure 7, right*). Since the museums and galleries sector contains many of the country's largest arts organisations, this is not a surprise. State and national collecting institutions possess strong historical relationships with their local communities and draw from established donor bases. Performing arts companies on the other hand have been very successful at partnering with businesses to grow monetary and in-kind sponsorship revenue.

Figure 7. Private support for each arts sector



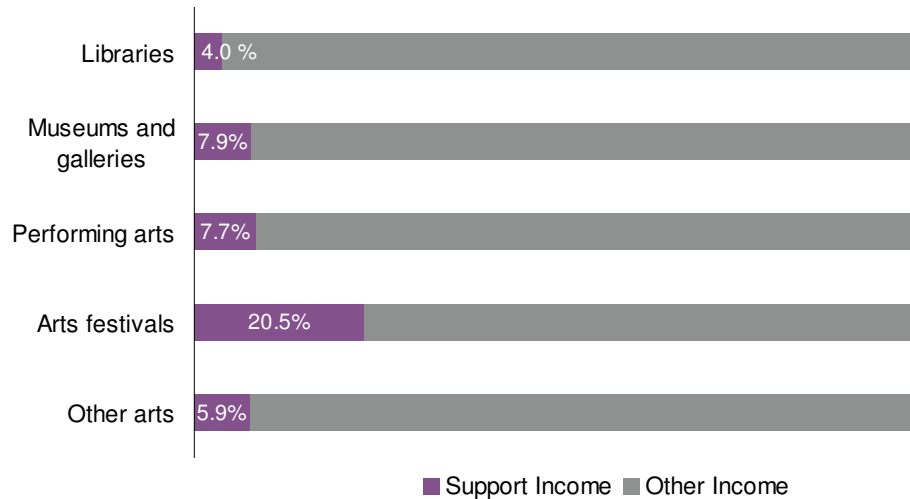
Arts festivals rely the most on private support

While museums, galleries and performing arts companies gain the bulk of private giving to the arts, compared to arts festivals they are proportionally much less reliant on private sector giving as a source of income.

More than one-fifth of the income of arts festivals is secured thanks to the support of the corporate sponsors and private donors.

The other sectors are less reliant on the private sector and gain more from alternative sources of funding, including government grants, ticket and merchandise sales, investment income and rental revenue (see *Figure 8*).

Figure 8. Support as a percentage of total income



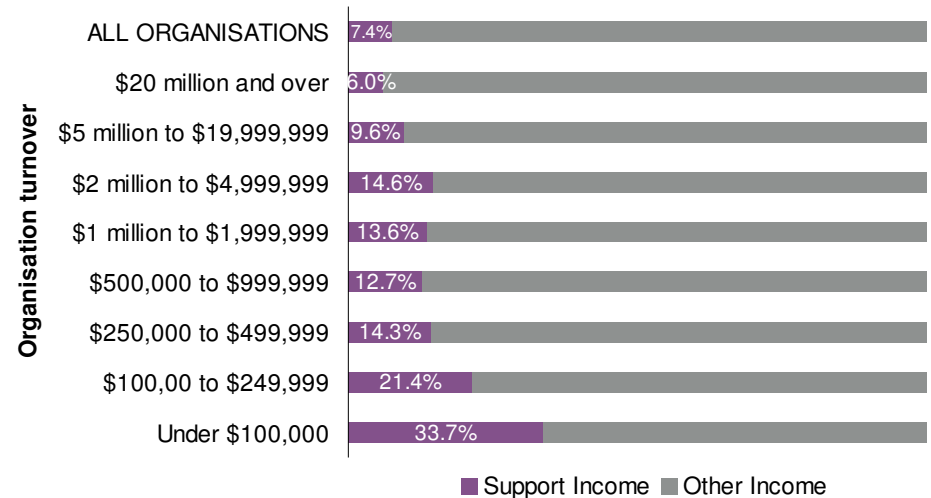
Smaller organisations rely more on private support than larger counterparts

The less an organisation earns the more likely it is to receive, and rely more heavily upon, private support.

On average, arts organisations received 7.4 percent of their total annual income from private sector investment, but this mean figure was skewed lower by the very large organisations that rely less on private support.

For organisations earning less than \$5 million (81 percent of the organisations surveyed), the private support they received represented between 12.7 and 33.7 percent of annual turnover, indicating that smaller organisations rely on private sector support to a greater extent than larger organisations (see *Figure 9*).

Figure 9. Support as a percentage of total income



INTERNATIONAL COMPARISONS

Other countries rigorously measure private sector support for the arts on a semi-regular basis, but there is insufficient methodological alignment between national surveys to directly compare findings from one country to the next.

These snapshots of the environment for private investment in the arts in three overseas territories provide some general highlights and, where appropriate, approximate reference points to compare with Australia.

United Kingdom

Arts & Business's Private Investment in Culture Survey for 2006-07 found that arts and cultural organisations received almost £600 million – equivalent to AUD 1.37 billion.²

This amount included £171.5 million (29% of the total) from corporate sponsorship³ and £197 million (33%) from the donations of individuals, trusts and foundations⁴ (Arts & Business 2008). Legacies, bequests and friends schemes made up the balance of private investment.

On average, organisations in the UK gained proportionally more support from the private sector than organisations in Australia. UK organisations

² Utilising a 2007 year-end exchange rate of 1 GBP = 2.2807 AUD.

³ Includes cash and in-kind sponsorship, donations given by businesses, corporate membership, and awards and prizes given to arts organisations. Cash sponsorship alone accounted for £116.4 million.

⁴ With £67.5 million from individuals and £129.5 million from trusts and foundations.

received 18 percent of their total income from private sector investment in 2004-05 and 21 percent in 2005-06, substantially more than the 7.4 percent received by Australian arts companies in 2006-07.⁵

The 13 largest organisations in the UK survey secured 19 percent of the total support provided to all organisations. The largest organisations in Australia also captured a significant share of total private support, with the 13 largest companies in the AbaF survey accounting for 33 percent of the national figure.

Canada

The Council for Business and the Arts in Canada has collected information about the financial state of performing arts companies and art galleries and museums in Canada since 1976. While museums and galleries in Canada appear to receive a proportionally similar level of support from the private sector as Australian museums and galleries, this is not the case with performing arts companies (CBAC 2005a, 2005b).

For the 2003-04 period, private support as a percentage of revenue amounted to:

- 10 percent (totalling CAD 47.2 million) for museums and galleries, highlighting only a small difference in the level of proportional support between counterparts in Australia museums

⁵ UK figures for 2006-07 were not available at the time of writing.

and galleries (for which private support amounted to 7.9 percent of revenue)

- 21 percent (totalling CAD 107 million) for performing arts companies, highlighting the much smaller reliance on private sector support between counterparts in Australia (for which private support amounted to 7.7 percent of revenue).

Canada appears to have a more embedded and stronger environment for individual and foundation giving to performing arts organisations than Australia. While donations account for a similarly large share of the total private support given to museums and galleries in both Canada (82 percent or CAD 38.7 million) and Australia (75 percent), donations for performing arts companies are comparatively much more important in Canada (representing 76 percent of private support or CAD 81.1 million) than they are in Australia (34 percent).

United States

Private giving to the arts in America amounted to USD 13.5 billion in 2005 (Americans for the Arts 2006).

On average, private sector philanthropy accounted for 43 percent of the annual revenue of non-profit arts organisations in the US. Of this total, donations from individuals and foundations (40.5 percentage points) far outweighed corporate sponsorship (2.5 percentage points), emphasising the enormous contribution of wealthy patrons and endowments to the prosperity of the arts in the US.

GLOSSARY

Arts sectors

- **Arts education** – organisations mainly involved in the teaching of skills specific to the arts, including the fields of literature, television, radio, film, visual arts and crafts, design, music and the performing arts.
- **Arts festivals** – organisations mainly involved in the operation and delivery of arts festivals, excluding film festivals.
- **Film, television, radio and electronic media** – organisations mainly involved in the development and creative production and post-production of content for film, television, radio or the Internet. Also included are organisations involved in the distribution, exhibition and broadcasting of such creative content, as well as film festivals.
- **Libraries** – organisations mainly involved in the acquisition, collection, conservation and loan of literature and recorded audio-visual materials, and in the provision of information services.
- **Literature and print media** – organisations mainly involved in the printing, publishing and selling of literature products, including books, newspapers and periodicals.
- **Museums and galleries** – organisations mainly involved in the acquisition, collection management, conservation, interpretation, communication and exhibition of (a) visual arts and crafts, and (b) heritage objects and artifacts.
- **Other arts and cultural organisations** – all other arts organisations not defined elsewhere, including professional associations, government agencies supporting the arts, contemporary art spaces exploring multiple artistic forms through a variety of creative and support endeavours, community organisations, and other groups providing support services for the arts more broadly across cultures and communities.
- **Performing arts** – organisations mainly involved in (a) the production of arts performances, including music, drama, dance, music theatre, opera, circus, cabaret and puppetry, and (b) operating venues for the presentation and rehearsal of arts performances.
- **Support services to the arts** – organisations mainly involved in the provision of support services to individual artists and arts organisations that fall within the above categories.
- **Visual arts, craft and design** – organisations mainly involved in the creation and retailing of visual arts and crafts products.

Terms and phrases

- **Business** - any economically active ABN- and GST-registered entity operating in the private sector for commercial gain.
- **Community member** - for the purposes of this survey, any individual not representing the interests of a business, foundation or trust.
- **Foundations and trusts** - public and private charitable and philanthropic institutions and funds established for the transfer of gifts and endowment of grants.
- **In-kind sponsorship** - the provision of products, services or time from a business to an organisation, either in lieu of cash payment or at a discount rate, and for the purpose of promoting the business name, products, and services, or as a contribution to a partnership.
- **Monetary sponsorship** - the payment of money from a business to an organisation for the purpose of promoting the business name, products and services, or as a contribution to a partnership.
- **Non-government grants** - the payment of money to an organisation by a business, foundation or trust as a contribution to the achievement of a specific project over a specific period of time. For the purposes of this survey, grants from government agencies were excluded.
- **Partnership** - a closer, strategic and reciprocal relationship between an arts organisation and a business. For the purposes of this survey, all cash income derived from business partnerships was included as monetary sponsorship.
- **Products and services** - material goods and products (e.g. food and beverages, vehicles) or intangible services (e.g. venue or equipment hire, accommodation, transport, technical support).

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