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CULTURAL POLICY UPDATE

Supporting the arts in spinning times

In large parts of the world culture and cultural policies are under pressure. To resist the gloom of recession, old mindsets must be relinquished and replaced by new, positive ways of thinking. Now more than ever, an exchange of arguments and analyses is at the fore. In this first issue of Cultural Policy Update support models from Europe, Asia and Australia are under scrutiny. The old model of the patron state is wearing out; much is expected from a diversification of funding sources. This includes the use of trading and contracting models, as well as an increase in private support. Besides, new types of investment are in demand. A democratic and dynamic society needs the arts, which should engage with other domains in society. This is where their added value for society lies. Artists, cultural institutions and governments alike have to leave their comfort zone to establish new alliances.

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Activating philanthropy: the Artsupport Australia model for cultural funding

Artsupport Australia, an initiative of the Australia Council for the Arts, forms strategic alliances between artists, arts organizations, government, philanthropists, and private and corporate foundations to facilitate lasting positive change. These activities are entrepreneurial, discerning and responsive to sector needs. They provide the arts and cultural sector with skills and resources to engage with the philanthropic sector and vice versa, and have diversified cultural funding sources for greater sustainability. A funding model that looks beyond boundaries and outside the comfort zone.

To increase support for the growing arts and cultural sector, the Australian Government has developed partnerships with the private sector through a number of strategies for over the last two decades. The blueprint for the role of the private sector in cultural investment was articulated in *Creative Nation*¹ the Australian Government's cultural policy of 1994 that recognized the value of cultural development and the economic potential of culture. Cultural economist David Throsby observes that *Creative Nation* was launched in a decade marked by moderate expansion of the sector combined with the articulation of a broad cultural policy framework and growing interest in cultural statistics and trends.²

Since the late 1990s, a number of formal government reviews of specific art form areas such as the 1999 *Major Performing Arts Inquiry*³ or the 2002 *Contemporary Visual Arts and Craft Inquiry*,⁴ major sector reports⁵ and the *Australia 2020 Summit*⁶ have informed cultural funding and policy. It is interesting to note that private sector support and tax incentives are a constant feature in the discussions.

Three levels of Australian Government – federal, state and local – support arts development, arts institutions, artistic diversity and innovation. Some differentiation in support is evident, with states pro-

- 1 Commonwealth of Australia (1994).
- 2 Throsby (2001).
- 3 Nugent et al. (1999).
- 4 Myer (2002).
- 5 Costantoura (2001).
- 6 Davis (2008), Chapter 8.

viding greater capital funding and greater funding to heritage. Federal support has been more focused on strategic development in particular sectors, developing new policy instruments beyond subsidy, and supporting institutions of national and international significance.⁷

The greatest outcomes in philanthropic fundraising are when fundraising principles are adopted at board level

Government reforms to build greater community and business engagement, philanthropy and corporate social responsibility were the hallmark of the 1990s – early 2000s, and included the Prime Minister's Community Business Partnership.⁸ They led a new wave of Australian philanthropy which was underpinned by a strong Australian economy and the rise of private and corporate wealth which continues today, despite the downturn of 2008.

A new government initiative, Artsupport Australia, was launched in 2003 by the former Prime Minister, John Howard, for the sole purpose of growing cultural philanthropy. It began as a three-year joint pilot between the federal arts funding and advisory body, Australia Coun-

cil for the Arts,⁹ and the Australia Business Arts Foundation (AbaF), each of which provided two staff members. Since July 2006, Artsupport Australia has continued solely under the auspices of the Australia Council and now has two staff members at the Sydney headquarters and state managers in Darwin, Brisbane, Perth, Melbourne and Western Sydney. This has provided greater national reach and enables more local relationships to be built.

To maximize the philanthropic exchange, Artsupport Australia's work focuses on two key groups:

1. individual artists and arts/cultural organizations (the cultural sector), and
 2. individual philanthropists, and private and corporate foundations.
- The exchange is further strengthened by relationships with strategic bodies in both government and business, including the arts ministries in states and territories where the managers are based.

Artsupport Australia defines philanthropy or giving as: individual gifts or donations (including major gifts, bequests, workplace giving, direct-mail appeals and crowd funding), philanthropic grants by private and corporate foundations and corporate philanthropy – as distinct from corporate partnerships or sponsorships, where the exchange is strictly commercial.

Programmes and services for the cultural sector

About 70% of Artsupport Australia's clients are small-to-medium organizations with an annual turnover of \$500,000 or less and limited staff and resources for development. For many of these organizations, fundraising is not a core activity, although a welcome strategy for increasing income. That is not to say that Artsupport Australia does not work with the larger organizations – there are fewer of them and they are better resourced. See figure 1 on the next page.

Artsupport Australia provides mentoring and annual masterclasses to build the capacity of organizations to secure philanthropic income successfully themselves. In this respect, Artsupport Australia provides ongoing one-on-one coaching to assist with strategic advice and practical tips. It also makes presentations to boards, in order to educate and inspire them to be more actively engaged in philanthropic fundraising. Experience has shown that the greatest outcomes in philanthropic fundraising are achieved when fundraising principles are adopted at board level, and in the longer term, across a whole organization. This advocacy with boards of arts organizations has persuaded some of them to donate funds specifically to employ fundraising staff.

⁷ Australian Bureau of Statistics, National Centre for Culture and Recreation Statistics (2010).

⁸ For reports and fact sheets of the Prime Minister's Community Business Partnership, see <http://www.fahcsia.gov.au/sa/communities/pubs/Community/Pages/default.aspx>

⁹ The Australia Council for the Arts, <http://www.australiacouncil.gov.au/>

Figure 1
Demographics of Australia's states and territories (2010)

State/Territory	Capital	Number of inhabitants
Australian Capital Territory	Canberra	358,900
New South Wales	Sydney	7,238,800
Northern Territory	Darwin	229,700
Queensland	Brisbane	4,516,400
South Australia	Adelaide	1,644,600
Tasmania	Hobart	507,600
Victoria	Melbourne	5,547,500
Western Australia	Perth	2,296,400

Source: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3101.0>

In addition to these activities, Artsupport Australia advises which trusts and foundations are relevant to an organization's programmes and activities, provides guidance for building relationships with them and gives advice on the preparation of written grant applications.

To address specific needs of arts organizations with similar fundraising challenges, three special mentoring programmes have been developed. The first one is a philanthropy training programme for the Australia Council's 28 Major Performing Arts Board (MPAB) companies – comprising national and state theatre companies, orchestras and ballet companies – to build skills and grow their philanthropic funding sources, especially via individual gifts or donor programmes. The programme engages a mentoring consultant to assist with sourcing a suitable mentor for each company and to monitor and evaluate the programme's progress. Mentors are paid by the Australia Council to spend two hours a month face-to-face with their mentee. The ninth Australian Major Performing Arts Group survey on corporate sponsorship and philanthropic support showed that the latter increased 157% between 2001 and 2009.¹⁰

The second programme concerns Indigenous arts which were identified from the outset as a major

opportunity for significant philanthropy. A specialist manager was appointed in Darwin, the capital of a region with the highest proportion of Indigenous people, to mentor artists and organizations, many of them in remote locations throughout the Northern Territory, and help them to diversify their funding sources to include philanthropy and to cultivate long-term philanthropic partnerships. This has also helped leverage funding from a wider range of government agencies, particularly where arts programmes are integral to health, education or social services. A special national Indigenous philanthropy mentoring programme was also run for ten selected Indigenous arts organizations over three years. It had a similar structure to the MPAB programme and culminated with an Indigenous philanthropy expo featuring the participants in Melbourne.¹¹

The third special mentoring programme was developed for the Australia Council's Key Organisations division, which serves small-medium triennially-funded arts clients. The two-year programme commenced in 2008 with 15 Key Organisations, and another 15 starting in 2010. Each was provided with 50% of the salary costs of a part-time philanthropy manager for two years, after which time they were expected to be self-funding. Artsupport Australia mentor the manager

¹⁰ Australian Major Performing Arts Group (2010).

¹¹ A video from the exposition can be viewed at <http://vimeo.com/7930958>.

and organizations for the duration of the programme and beyond.

Artsupport Australia encourages 'high net worth' Australians to become more strategic and structured in their philanthropy

Since 2005, Artsupport Australia has presented an annual lecture and masterclass in Sydney and Melbourne featuring international and local experts to address specific sector needs and build the skills of individual fundraisers.¹² It has also published *An Arts Guide to Philanthropic Gifts and Tax*,¹³ an online resource to help arts organizations understand the tax and legal requirements associated with receiving gifts. To date, two strategic projects have been commissioned. The first, managed by Pareto Fundraising, evaluated how well 25 large arts organizations managed new enquiries for membership, major gifts and bequests – as an indicator of prospective donor 'stewardship'. The second, was a social return on investment (SROI) analysis, by Social Ventures Australia, of two arts companies, according to a model pioneered by the Roberts Enterprise Development Fund (REDF) in the US and further developed by New Philanthropy Capital (NPC) in the UK.

Programmes and services for philanthropists, trusts and foundations

Artsupport Australia's role regarding prospective donors resembles its role in the cultural sector – as advisor, information source and broker. Being an intermediary between the arts and philanthropic sectors, and an advisor to both, means that it does not seek donations or philanthropic grants for itself. This makes approaching new philanthropists less difficult than it may be for arts organizations.

Artsupport Australia has developed working relationships with the financial sector including private banks and wealth management arms of investment banks, financial advisors and planners, trustee companies and tax lawyers as a conduit to prospective donors. Converting financial planners to the value of philanthropy and promoting it as an option to their clients continues to be a challenge in that industry. One of the success stories is the Westpac Foundation, a corporate foundation which had not supported arts-based projects until it had contact with Artsupport Australia.

Since 2005, Artsupport Australia has facilitated 16 successful proposals with the Westpac Foundation, providing \$3.1 million in multi-year grants to a wide spectrum of

small-medium arts organizations for projects that enable sustainable activities for disadvantaged communities.

Artsupport Australia also encourages 'high net worth' (HNW) Australians to become more strategic and structured in their philanthropy. If they are not already interested in the arts, it also introduces them to the arts as a possible 'cause area', capable of addressing a vast number of social and community needs. This is an aspect of the arts of which many philanthropists are not aware. There are many wealthy cultural devotees whose philanthropic capacity has not yet been realized. They are typically people who are protective of their privacy, so strategies have been devised to reach them via professional networks or service providers.

Artsupport Australia coordinates strategic events of interest for HNWs, including seminars promoting the tax benefits and other advantages of philanthropic trusts, such as private ancillary funds (PAFs)¹⁴ for those considering philanthropy. Presented by high-profile experts covering charity law and the practical aspects of running PAFs, these events have encouraged many to establish their own PAF. Other exclusive events for existing and potential philanthropists use high-profile speakers such as leading arts

¹² To date these are: a lecture in 2005 on the 'Role of Boards and Major Gifts' (by Kingsley Atkins); masterclasses and lectures in 2006 on 'Gifts in a will' (or bequests) (by Richard Radcliffe); 2007 'Critical issues in fundraising' (by Professor Adrian Sargeant); 2008 'Women and philanthropy' (by Linda McGregor and Richard Wentworth-Ping); 2009 'Regular and annual giving: what can the arts learn from the charity and higher education sectors?' (by Cameron Watson and Bob Burdenski); 2010 'Gifts in a Will' (or bequests) (a second presentation by Richard Radcliffe).

¹³ Australia Council for the Arts (2010).

¹⁴ A PAF is a new type of philanthropic trust, known until late 2009 as a prescribed private fund or PPF. Since 2001 over 900 PAFs have been established. More information can be found at <http://paf.philanthropy.org.au/>

duo Cate Blanchett and Andrew Upton (Sydney Theatre Company) or businessman, art collector and philanthropist Kerry Stokes and networking events for PAF founders and trustees to discuss ideas and experiences and forge a community of arts philanthropists.

Philanthropist and philanthropic trusts and foundations are typically not afraid to take risks

Some events have been co-hosted with Philanthropy Australia (PA), the national peak body for the sector, to enable maximum reach. Artsupport Australia's Director, Louise Walsh, is also chair of PA's Arts Affinity Group which brings together philanthropists with an interest in the arts three to four times a year to hear guest speakers and stimulate exchange. This has included thought leaders of The Balnaves Foundation, Nelson Meers Foundation and Harold Mitchell Foundation, as well as US presenters from the Andrew W. Mellon Foundation (Diane Ragsdale, 2008), Doris Duke Charitable Foundation (Ben Cameron, 2009) and Changing Our World (Dr Susan Raymond, 2010).

Artsupport Australia provides a free one-on-one advisory service for donors and foundations which provides

insight into the wishes and needs of these clients. It provides customized advice and resources and finds arts projects that meet their criteria, which may be a specific art form, or health, education or a location-based project. Artsupport Australia can help clarify these requirements, specifications and assessment processes for cultural recipients. Being closely allied to the Australia Council, arts ministries and peak bodies, it has direct access to a vast expertise to inform this process.

Philanthropists and philanthropic trusts and foundations are typically not afraid to take risks in areas they are passionate about and many have opted to support small organizations where their gifts can make a greater impact.

State of the art in giving

While national comparisons of philanthropy are fraught with inconsistencies, the Australian arts and cultural sector has done well by any measure, both in real and relative terms, even despite the downturn. For example: Grants distributed to cultural organizations from prescribed private funds (PAFS) grew from \$761,000 in 2001-2002 to \$9.58 million in 2007-2008,¹⁵ becoming the second most supported sector overall after welfare.

Donations to over 1300 registered arts and cultural organizations

increased 59%, from \$46.6 million in 2005-2006 to \$74.4 million in 2009-2010.¹⁶

The AbaF survey of private sector support for the arts for 2008-2009 reported that giving increased 6% on the previous year, despite the downturn.¹⁷

In seven years, Artsupport Australia has facilitated around \$50 million of new philanthropic income to approximately 200 Australian artists and 600 Australian arts organizations. It is a strong outcome for a government investment of nearly \$5.2 million, providing a return of nearly 1000%.

This success has generated international interest in Artsupport Australia's business model, not just from arts bodies but from other sectors as well, including the environmental and medical research sectors. It is an innovative model of public-private partnership, helping to mobilize resources to a defined sector, which could easily translate to other sectors and be replicated internationally. In this respect, the model has been presented, by invitation, at the *Grantmakers in the Arts 2009* conference (USA) and to New Zealand's Cultural Philanthropy Taskforce in 2010.

In general, Artsupport Australia attributes its success in growing philanthropic support for the arts

¹⁵ Australian Centre for Philanthropy and Nonprofit Studies (2010).

¹⁶ Department of the Environment, Water, Heritage and the Arts (2010).

¹⁷ Australia Business Arts Foundation, 2010.

Milk Crate Theatre
Australia's only
theatre company
solely dedicated
to the homeless and
disadvantaged

PHOTO: ELYSE PATTEN



to a number of organizational and external factors. These include:

- providing a free advisory service;
- having quick direct access to specialist knowledge;
- providing customized advice/mentoring to both arts organizations and philanthropic individuals/entities;
- having national reach;
- having a small and flexible team

able to respond to opportunities quickly;

- staff salaries and expenses are covered by the Australia Council, the government's arms-length funding body;
- access to the resources of a parent organization, the Australia Council for the Arts, (venues, systems, communications, IT, HR and other services);
- the strategic marketing of events

to build the brand, networks and business;

- access to high-profile champions with industry expertise who publicly campaign for the cause, and who facilitate strategic introductions;
- having important relationships with key bodies in government and business, in particular the financial and legal sectors;

- the rise of private and corporate wealth in the 1990s;
- government reforms to grow philanthropy that included making the establishment of family foundations easier, especially through the structure of PAFs.

Challenges

There are many misconceptions about the arts that present a challenge in terms of fundraising. Typically the arts are deemed elitist, government-funded and unnecessary. But when health, social and community returns of the arts are better understood,¹⁸ attracting philanthropic income becomes easier. Consider, for instance, Silver Memories, a programme run by 4MBS FM – a community-run classical music radio station that provides radio sets to isolated and disadvantaged elderly in aged-care centres in south-east Queensland. Or Milk Crate Theatre which runs transformative workshops and performances with Sydney’s inner-city homeless. Helping arts organizations to measure and demonstrate the community benefits of their work makes them stronger candidates for philanthropic support.

The arts share all the challenges that fundraising in Australia engenders. The most significant of these are:

- the private nature of many philanthropists;

- a philanthropic culture that is relatively new and not as generous as international counterparts;
- the reluctance of financial advisors to embrace philanthropic options;
- legal complexities that prevent specific philanthropic entities from giving to preferred recipients;
- the different cultures of philanthropy between Australian states, territories and capital cities which require different strategies;
- lack of experienced fundraisers and of resources to employ them, and their migration to other sectors (which especially applies to the arts, in comparison to sports, health, and welfare).

A new Australian national cultural policy is in development. It will include new models for stronger engagement between arts organizations and the philanthropic and business communities.¹⁹ As building stronger communities is a current priority for the Australian Government, it presents the arts and cultural sector with a natural *entrée*. In the words of Louise Walsh, Director of Artsupport Australia: *‘It is very rewarding to see inspired arts and cultural projects take flight with successful donation programmes or new philanthropic partners. It is even more rewarding to see these grow into multi-year funded partnerships that leverage other support. This is what propels Artsupport Australia to continue its*

work and if that inspires others to do the same, that will be the ultimate measure of its success.’

Artsupport Australia’s work over the last seven years has accelerated the arts/cultural sector’s engagement with philanthropy and stimulated many sophisticated and positive partnerships. The challenge for the arts will be to continue to stay ahead of the pack.

NOTE ON THE AUTHOR

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¹⁸ A range of international and domestic references covering social, health and well-being benefits of active participation in the arts include: Australia Council for the Arts (2009); Goldbard (2006); Hawkes (2001); Holden (2004); Matarasso (1997).

¹⁹ Announced in the speech the Hon. Simon Crean MP, Minister for Regional Australia, Regional Development and Local Government, Minister for the Arts, held 29 September 2010 for the National Press Club. See Crean (2010).

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