AUSTRALIAN MAJOR PERFORMING ARTS GROUP

Discussion paper: Charitable fundraising regulation reform

Submission to:

Infrastructure, Competition and Consumer Division
Treasury

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Introduction

AMPAG, established in 1999, is the peak body for Australia's major performing arts companies and by default for the wider cross section of the subsidized small to medium performing arts industry. Our core membership comprises 28 not-for-profit companies ranging in size from Opera Australia and the Sydney Symphony Orchestra to mid-sized companies like Australian Chamber Orchestra and Queensland Theatre Company and smaller ones such as the West Australian Ballet and State Theatre Company of South Australia.

The 28 member companies have a combined turnover (in 2010) of over $400 million (ranging from $3.4 million to $66 million) with net assets of $109 million. Box office is the key source of income but the companies also depend on donations and sponsorship, as well as some commercial activities. Government subsidy (state and federal combined) tends to be from 8–20 per cent, except for the symphony orchestras which have a higher government component. Therefore, private support is critical to their survival.

In this submission, we explain the importance of charitable status to our member organisations, how they report and the current treatment of their fundraising activities. We then tackle some of the consultation questions raised in the discussion paper, as relevant to our members.

The role and regulation of charitable institutions

Charities are a vital part of the community's experience, growth and inclusiveness. While the focus of many is to protect and support the vulnerable, others exist to nourish the community in other ways—through religion, through multicultural activities, and, importantly, through arts and culture.

AMPAG is aware that this latest federal government consultation is one of a series of conversations with the Australian public about the not-for-profit sector, particularly charities, that will continue this year. We have responded to the previous reviews and consultation papers, and aired many of our concerns in those.

We are confident the government understands the importance of performing arts companies operating as charitable entities under the *Income Tax Assessment Act 1997* so that they can continue to deliver outstanding performances to audiences nationally and internationally, achieving a vibrant, inclusive and resilient arts sector for all Australians to enjoy.

This submission has been prepared with the assistance of various AMPAG members and while we endeavour to speak with a unified voice it does not override individual policy positions made by our members.

The scope of regulation

AMPAG's 28 member companies (see attached list) are charitable institutions as defined under the Income Tax Assessment Act (except one, the Queensland Theatre Company which is a statutory authority). AMPAG believes all operate in a transparent and responsible manner, meeting the legal reporting requirements of ASIC, the ATO, individual state charity laws and the funding agreements as negotiated direct with the Australia Council and other state arts funds.

With base federal funding of the major performing arts companies relatively static, the Australia Council is placing particular emphasis on equipping major performing arts companies with skills and knowledge to increase their ability to attract charitable donations—and so help secure their long-term viability and ability to innovate and take risks.

Clearly the government itself believes charitable donations and related philanthropic activity are very important to the ongoing viability of the major performing arts companies—as demonstrated in its commissioning Harold Mitchell to review private sector support for the arts, which will also inform the current National Cultural Policy review.[1] In addition, for the past 10 years, AMPAG has gathered key statistics from major performing arts companies to determine the level of philanthropic activity and associated trends in giving. The methodology of this annual research is accepted as an industry standard that has now been adopted by the Australia Council for application in other parts of the industry. A copy of last year's survey (key findings) is attached for general reference. This survey is entered into voluntarily by our members and demonstrates the high degree of transparency already in place within this sector.

AMPAG members welcome initiatives that can assist in streamlining reporting processes. However, they are concerned that, with no direct consideration of the structure of arts companies in the current discussion paper, an additional level of reporting will be added to the reporting requirements they already observe. The result would be greater governance burden—and a greater cost imposition—with no benefit to the general public, the arts companies or government.

A reporting requirement where all aspects of financial activity could be submitted to one entity from which other interested entities could gain authorised access according to their legitimate needs is in itself attractive but achieving such a vision is not without difficulties.

Therefore, AMPAG expresses qualified support for the formation of the ACNC as long as it:

- places minimal costs on charities to allow better direction of their resources to philanthropic objectives
- removes current regulatory duplication—especially if that includes duplication across jurisdictions
- streamlines requirements, including reporting, to provide consistency and minimise compliance costs
- provides charities with certainty about their rights and responsibilities
- is proportional to the size and complexity of charities, and to the public monies and risks associated with them.

Current reporting requirements

As AMPAG explained in its response to the consultation paper, *Scoping study for a national not-for-profit regulator*, our member companies, while larger than some other arts organisations, are 'mean and lean'. And as reporting to government authorities and other bodies has increased over the years, the burden on companies has escalated—yet, government subsidy as a proportion of total income has reduced.

Charitable performing arts companies are already highly regulated and provide a multitude of information to funders—financial reports and fundraising reports, risk assessments, OHS plans, artistic vibrancy plans, marketing plans, business plans, strategic

[1] Mitchell Report.
http://www.arts.gov.au/public_consultation/open_consultations/review_of_private_sector_support_for_the_arts_2011

plans, directors reports etc. As well, quarterly online data is requested on various aspects of a company's business, through Standard Business Reporting (SBR) implementation.

For example, one NSW-based company advised that the *regular* reporting it is required to do includes the following standard reporting for companies:

- Australian Taxation Office—quarterly BAS, annual FBT return, withholding tax declarations
- ASIC— reporting required under the *Corporations Act 200,* AGM details, changes in Board Directors etc.
- Australian Bureau of Statistics—quarterly return
- Workers Compensation—salary information on staff (which is already provided to the ATO).

It also must regularly report on specific arts-based requirements:

- Australia Council and Arts NSW—business plans, acquittals, online quarterly data input, other periodic reporting, changes in Board and senior staff
- Register of Cultural Organisations (ROCO)—half yearly return on all donations received (either from individuals or corporate donors)
- Charities NSW—specific annual report information

For smaller organisations, the costs of meeting compliance in the siloed reporting environment are onerous and deflect significant resources away from the company's core activities. For example, a small performing arts company in 2010 spent $12,000 of its $60,000 grant on accounting and audit compliance.

Some smaller performing arts companies employ 'arts consultants' to prepare applications, acquittals and business plans to comply with government requirements because they find it difficult to understand the language used and sometimes fail to obtain funding because of how applications are structured, rather than the quality of the work produced.

We acknowledge all companies must report to government on their financial activities and AMPAG members accept the fundamental need to adopt prudent financial and governance practices while achieving excellence in their core activities—that is, delivery of live performances, educational programs and their communications objectives. Refining reporting requirements frees up resources internally, allowing stronger focus on activities rather than processes.

Advisory Board

AMPAG understands that the ACNC, as an independent regulator, will be advised by an Advisory Board chaired by Robert Fitzgerald AM. AMPAG recognises Mr Fitzgerald's extensive experience in the area of productivity, community and not-for-profit activities and recommends further discussion with the Chair to ensure full understanding of the similarities and differences between performing arts companies and other not-for-profit activities.

AMPAG therefore requests a consultation process beyond written submissions with the Chair and representatives on the Advisory Board in the first instance.

AMPAG is very concerned that throughout this process, little or no acknowledgment has been made of the role of arts and cultural organisations in the charitable sector. We hope this will be partly rectified once the Definition of Charity criteria have been decided. But given the size of the arts and culture sector, it is of critical importance that it is specifically represented on the Advisory Board.

Streamlined reporting

AMPAG would welcome the introduction of streamlined reporting arrangements, to avoid inconsistency and duplication across different reporting regimes. We would support reporting rules taking into account the size of the entity, the risks it presents through its activities, its turnover and the level of government funding it receives—in much the same way that the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* has different levels of reporting obligations for different sized organisations.

The consultation paper seems unclear, however, in what it is proposing. In paragraph 24, it outlines potential approaches to implementing a national approach to fundraising regulation:

- States and territories apply a national fundraising law as a law of each jurisdiction
- States and territories enact mirror legislation.

Then paragraph 25 seems to contradict this position by stating, 'state and territory governments may decide to exempt those charities covered by the national law from state and territory fundraising laws'. We had understood the intent was not to duplicate regulation. This last statement implies that such duplication is a matter for states and territories to decide.

We understand and agree that transparent reporting is important in securing public trust and confidence in the accountability of how donated funds are used.

However, while AMPAG acknowledges the need for not-for-profit organisations to be properly transparent and accountable, we believe there is undue emphasis on reporting. There is a need to engage a 'light touch' in delivering funding to the arts sector where businesses have been successfully run for many years.

Commercial activities of charitable institutions

As we pointed out in our submission to the Treasury Consultation Paper: *Better targeting of not-for-profit tax concessions* and in our submission to the *A definition of charity* review, the 'commercial' activities of the MPA companies include the operation of bars and cafes in performance venues, the selling of merchandise (such as CDs, DVDs, t-shirts), lease of premises, performance classes etc., not to mention the core activity of selling tickets for performances.

Companies are actively encouraged by their government funders to be entrepreneurial to reduce their reliance on government funding and to build financial reserves to ensure the long-term financial viability of their organisation. The maintenance of reserves to at least 20 per cent of annual turnover is a funding requirement under the tripartite agreements with their state arts funding agency and the Australia Council. All reserves that companies amass are done so to fulfil their charitable purposes. No profits are distributed to directors and shareholders.

If entities conduct activities that generate a profit in isolation this should not disqualify them from attaining charitable status—given that this is what the current law provides for and is confirmed in the latest ATO Tax Ruling 2011/14. Of particular note is the fact that the ruling indicates that an entity can distribute surpluses to owners or members as long as the distribution of funds is in *furtherance* of its altruistic purposes. All the fundraising that performing arts organisations do is precisely in furtherance of their altruistic purposes.

AMPAG'S RECOMMENDATIONS

1. that the regulation:

    - places minimal costs on NFPs to allow better direction of their resources to philanthropic objectives
    - removes current regulatory duplication—especially if that includes duplication across jurisdictions
    - streamlines requirements, including reporting, to provide consistency and minimise compliance costs
    - provides charities with certainty about their rights and responsibilities
    - is proportional to the size and complexity of charities, and to the public monies and risks associated with them.

2. that the arts are represented on the ACNC Advisory Board

3. that the government clarifies its intention regarding the streamlining of regulation between national and state/territory jurisdictions

4. that arts organisations be encouraged to continue their entrepreneurial fundraising activities without the imposition of any extra regulatory requirements

5. that the conduct of activities that generate a profit not jeopardise their charitable status

6. that where only state and territory law exists or where it conflicts with national law, that new national regulation is enacted to streamline and simplify reporting

7. that where existing national law applies fairly to organisations (such as the Australian Consumer Law), that it be retained to regulate companies' behaviour

8. that fundraising undertaken by way of commercial undertakings or with 'informed' donors be exempt from regulation. For example, but not limited to:

    - Ticket sales—given they are fundraising activities in furtherance of the organisation's altruistic purpose
    - Sales of items of clothing, CDs, drinks and food at or in conjunction with a performance
    - Donations from 'Friends of' bodies—which is essentially the same as workplace giving because they comprise only people who have sufficient knowledge of the organisation
    - Corporate sponsorship and other activities—which is about relationship building in furtherance of the organisation's altruistic purpose
    - Fundraising events, such as those that include dinner and a performance.

9. that the proposed exemption threshold of $50,000 is too low and should be increased substantially.

10. that consultative meetings are held between the chair and members of the Advisory Board, and the performing arts sector, after the written submission process has closed.

AMPAG'S RESPONSE TO CONSULTATION QUESTIONS RAISED IN THE DISCUSSION PAPER

Chapter 2—Defining the scope of regulated activities

2.1 Is it necessary to have specific regulation that deals with charitable fundraising? Please outline your views.

We find it very difficult to have a view on this question, given little information has been provided on what that specific regulation will entail.

We would support specific regulation if it streamlines the current reporting, and ensures reporting requirements are less onerous for small and medium organisations, and no more onerous than those that currently surround large organisations.

We are concerned, however, that specific regulation for the sector does not duplicate, extend or complicate the sector's exiting responsibilities. Even if the initial regulation replaced but mirrored the existing regulation, we are concerned that, in the future, additional and conflicting responsibilities would arise from other agencies and that it would be difficult to maintain consistency between the ACNC rules and other regulation over time.

2.2 Is there evidence about the financial or other impact of existing fundraising regulation on the costs faced by charities, particularly charities that operate in more than one State or Territory? Please provide examples.

Many of the major performing arts companies regularly perform across the country—for example, The Australian Ballet, Bangarra, Opera Australia, the Australian Chamber Orchestra. The impact on time, logistics and human resources is considerable, managing the state-by-state registration and reporting for fundraising.

2.3 What evidence, if any, is available to demonstrate the impact of existing fundraising regulation on public confidence and participation by the community in fundraising activities?

We have no direct evidence of the impact of fundraising regulation on public confidence, but certainly our own members have recorded strong growth in private philanthropy and, according to the recently released Mitchell report:

> The 2010 Australia Business Arts Foundation's Survey of Private Sector Support for the Arts, which tracks small and medium sized arts organisations as well as major galleries, festivals and performing arts, found that sponsorship revenue exceeded $100 million for the first time. Moreover, it found that sponsorship has increased by 56 per cent in the last eight years.
>
> The Repucom Sponsorship Australasia Outlook Report 2010 indicated that there was strong confidence in the Australian Sponsorship sector, with 42 per cent of companies expect to increase their sponsorship budgets in 2011 compared to 23 per cent last year.

AMPAG's own sponsorship survey, *Tracking changes in corporate sponsorship and private donations 2011*, found that total private giving has more than trebled since 2001—increasing $17.5 million or 228.3 per cent since 2001.

2.4 Should these activities be exempted from fundraising regulation?

- **Soliciting for government grants**
- **Corporate donations or donations from public and private ancillary funds**

- **Workplace appeals for assistance for colleagues and their families**

- **Donations to religious organisations**

- **Fundraising activities already regulated under state or territory law, such as lotteries and raffles.**

In principle we agree that the above activities should be exempt from any fundraising regulation on the basis that there is already significant information symmetry in relation to government grants, corporate donations and donation from public and ancillary funds, workplace appeals and donations to religious organisations. Further, ATO legislation in relation to tax deductibility for public and private ancillary funds places significant proof of purpose tests on this fundraising stream.

However, we again make the point that because we don't know the detail of intended regulation—or of its exemption—it is impossible to anticipate our definitive position on this.

That said, if regulation results in less onerous and streamlined reporting than currently required under existing state or territory laws—and in arts organisations retaining their DGR status—then we would support those activities being exempted.

2.5 Are there additional fundraising activities that should be exempt from fundraising regulation?

If so, please provide an explanation of why the relevant activities should be exempt.

Fundraising undertaken by way of commercial undertakings or with 'informed' donors be exempt from regulation. For example, but not limited to:

- Ticket sales—given they are fundraising activities in furtherance of the organisation's altruistic purpose

- Sales of items of clothing, CDs, drinks and food at or in conjunction with a performance

- Donations from 'Friends of' bodies—which is essentially the same as workplace giving because they comprise only people who have sufficient knowledge of the organisation

- Corporate sponsorship and other activities—which is about relationship building in furtherance of the organisation's altruistic purpose. Sponsorship arrangements are reciprocal commercial agreements not charitable gifts

- Fundraising events, such as those that include dinner and a performance. Currently organisations are required to estimate the market value of the components of the charity event, as defined under s. 30-15 of the Income Tax Assessment Act. The ratio of fair market value to deductible gift component should not be regulated.

2.6 Is the financial or other effect of existing fundraising regulation on smaller charities disproportionate? Please provide quantitative evidence of this if it is readily available.

AMPAG believes smaller performing arts companies with charity status find the substantial reporting requirements extremely burdensome, particularly the many different reporting requirements that exist across states. For example, a small performing arts company in 2010 spent $12,000 of its $60,000 grant on accounting and audit compliance.

2.7 Should national fundraising regulation be limited to fundraising of large amounts? If so, what is an appropriate threshold level and why?

The proposed $50,000 threshold is too small. Performing arts organisations cost an enormous amount to run—and are constantly urged by government to be entrepreneurial in their approach to raising funds from private sources. It would seem contradictory for the government, on the one hand, to urge organisations to raise as much money as possible outside of government sources, and on the other, to enforce increasingly stringent and onerous regulation on those that succeed in doing so. We therefore believe the threshold should be raised substantially.

2.8 Should existing State or Territory fundraising legislation continue to apply to smaller entities that engage in fundraising activities that are below the proposed monetary threshold?

We believe it would be very difficult to regulate two systems in this way. If a small organisation that reported year after year under state legislation suddenly found itself having to report under national legislation, in a much more sophisticated and in depth way, it would place an enormous compliance burden on it in a very limited timeframe.

2.9 Should a transition period apply to give charities that will be covered by a nationally consistent approach time to transition to a new national law? If so, for how long should the transition period apply?

Yes, we believe a transition period should apply. The complexity of change will dictate the period of transmission required. The transition should be orderly and rolled out once legislation is drafted and information packs and educative forums have been fully developed and delivered. We would anticipate a minimum of 18 months transition.

2.10 What should be the role of the ACNC in relation to fundraising?

We had understood that the role of the ACNC would be to regulate fundraising.

We are concerned, however, that specific ACNC regulation for the sector does not duplicate, extend or complicate the sector's exiting responsibilities. Even if the initial regulation replaced but mirrored the existing regulation, in the future, additional and conflicting responsibilities could arise from other agencies and it would be difficult to maintain inconsistency between the ACNC rules and other regulation over time.

2.11 Should charities registered on the ACNC be automatically authorised for fundraising activities under the proposed national legislation?

Yes.

2.12 Are there any additional conditions that should be satisfied before a charity registered with the ACNC is also authorised for fundraising activities?

No

2.13 What types of conduct should result in a charity being banned from fundraising? How long should any bans last?

We agree that grounds for banning a charity from fundraising should be those such as insolvency or evidence of significant wrongdoing in the course of fundraising.

Chapter 3—Regulating the conduct of fundraising

3.1 Should the aforementioned provisions of the ACL apply to the fundraising activities of charities?

We firmly believe that any new regulatory framework either entirely replace regulation from other agencies or not regulate the sector at all. Our strongly held view is that, in all regulatory areas, there is a single, uniform, consistent system with which the sector complies. Whether the system is administered by a single regulator is not as important as a single, uniform, consistent regulatory system.

3.2 Should the fundraising activities of charities be regulated in relation to calling hours? If so, what calling hours should be permitted?

Cold calling should be regulated to certain hours, with flexibility to seek variation for specific circumstances that warrant calls outside specified hours. However, other fundraising activities normally happen outside these hours and should not be subject to them—such as corporate events and performances. In any event the current industry standards for telemarketing as set out in the Telemarketing and Research Calls Industry Standard 2007 should be applied.

3.3 Should unsolicited selling provisions of the ACL be explicitly applied to charitable entities? Alternatively, should charitable entities be exempt from the unsolicited selling provisions of the ACL?

It is not explained in the discussion paper what the detail and ramifications of each position are.

Chapter 4—Information disclosure at the time of giving

4.1 Should all charities be required to state their ABN on all public documents? Are there any exceptions that should apply?

A blanket approach to provision of transparency will lead to an unintended compliance burden. The essence of what is proposed here would appear to be the need to ensure donors and potential donors have ready access to a charity's ABN and ability to check its charitable status. We suggest the term 'public document' needs further definition. For example, tickets are public documents but clearly it would be impractical for the ABN to be mandatory on all forms of ticketing, especially those of smaller companies.

4.2 Should persons engaged in charitable fundraising activities be required to provide information about whether the collector is paid and the name of the charity?

No. Many of our members employ staff whose role is to fundraise. They already introduce themselves as working for the organisation, and we believe that should suffice.

4.3 Should persons engaged in charitable fundraising activities be required to wear name badges and provide contact details for the relevant charity?

Again, it depends on the activity.

4.4 Should specific requirements apply to unattended collection points, advertisements or print materials? What should these requirements be?

AMPAG does not have a view at this point.

4.5 Should a charity be required to disclose whether the charity is a Deductible Gift Recipient and whether the gift is tax deductible?

Yes.

4.6 Are there other information disclosure requirements that should apply at the time of giving? Please provide examples.

AMPAG does not have a view at this point.

4.7 Should charities be required to provide contact details of the ACNC and a link to the ACNC website, on their public documents?

No. The ACNC has a responsibility to establish information portals and promote their awareness and use by the public according to their policy objectives.

The ABN register already has links to, say, ASIC for companies incorporated under the Corporations law. ACNC could arrange for similar links to its site from the ABN register for companies that report to ACNC.

Chapter 5—information disclosure after the time of giving

5.1 Should reporting requirements contain qualitative elements, such as a description of the beneficiaries and outcomes achieved?

In the case of major performing arts companies further qualitative reporting is inappropriate and would create inefficiencies. Major performing arts organisations already report against KPIs to the federal government through the Australia Council.

5.2 Should charities be required to report on the outcomes of any fundraising activities, including specific details relating to the amount of funds raised, any costs associated with raising those funds, and their remittance to the intended charity? Are there any exceptions that should apply?

Under COAG we are a very highly regulated sector and we undergo detailed reporting of activities, benefits and outcomes. The ACNC should either seek to centralise all reporting requirements **OR** provide exemptions to major performing arts companies, recognising the substantial reporting compliance activities they already adhere to.

5.3 Should any such requirements be complemented with fundraising-specific legislated accounting, record keeping, and auditing requirements?

Major performing arts organisations are legally required to report their fundraising fully in their annual audited financial statements. It is not necessary to apply further reporting and auditing requirements on AMPAG members' activities.

5.4 What other fundraising-specific record keeping or reporting requirements should apply to charities?

See above.

Chapter 6—internet and electronic fundraising

6.1 Should internet and electronic fundraising be prohibited unless conducted by a charity registered with the ACNC?

It depends if there is a size restriction or exemption on certain charities to be registered with the ACNC. If a minimum threshold is applied, or exemption granted, this prohibition would place an unfair restriction on smaller organisations.

6.2 Should charities conducting internet or electronic fundraising be required to state their ABN on all communications? Could this requirement be impractical in some circumstances?

They should be required to state their ABN to confirm a financial transaction, but not on all communications.

6.3 Are there any technology-specific restrictions that should be placed on internet or electronic fundraising?

Technology requirements for electronic fund raising could include:

- a secure internet site
- PCI compliance (for recording and storing of customer data, including credit card numbers). As with other requirements, this should not be a blanket requirement because compliance could be unnecessarily difficult for the smaller AMPAG companies.

Chapter 7—Fundraising by third parties on behalf of charities

7.1 Is regulation required for third party fundraising? If so, what should regulation require?

Yes

7.2 It is appropriate to limit requirements on third party fundraising to those entities that earn a financial benefit?

Yes

7.3 Should third party fundraisers be required to register with the ACNC for fundraising purposes only?

Yes

7.4 Should third party fundraisers be required to state the name and ABN of charities for which they are collecting?

Yes, where practicable. The ABN should not be a requirement until a financial transaction is taking place.

7.5 Should third party fundraisers be required to disclose that they are collecting donations on behalf of a charity and the fees that they are paid for their services?

This may not always be possible, and may not necessarily operate to the advantage of donor and/or organisation. Arts companies occasionally enter into agreements with third party fund raising services to augment their own limited internal fund raising capacity. It is critical to the ongoing relationship between company and donors that they are treated in a responsible and genuine way and that such third party services are integrated into the overall charity branding and communication efforts. Introducing disclosure requirements may have an unintended alienating or negative impact on the donors' sense of relationship with the charity organisation. There are less clumsy ways of reporting the costs of fundraising.

All companies require professional assistance from time to time and fundraising expertise hired should not be overly penalised by excessive disclosure which may affect the success of campaigns. All arts companies are encouraged to generate third party income to supplement existing grants. Any legislation which impacts an their ability to generate income would be counterproductive.

7.6 Should third party fundraisers (or charities) be required to inform potential donors that paid labour is being used for fundraising activities?

See 7.5

7.7 Is regulation required for private participators involved in charitable fundraising? If so, what should regulation require?

We would like to know what is being proposed before we can offer a view.

Appendix A

List of AMPAG Member Companies & their location

Adelaide Symphony Orchestra	South Australia
Australian Brandenburg Orchestra	New South Wales
Australian Chamber Orchestra	New South Wales
Bangarra Dance Theatre	New South Wales
Bell Shakespeare	New South Wales
Belvoir	New South Wales
Black Swan State Theatre Company	Western Australia
Circus Oz	Victoria
Malthouse Theatre	Victoria
Melbourne Symphony Orchestra	Victoria
Melbourne Theatre Company	Victoria
Musica Viva Australia	New South Wales
Opera Australia	New South Wales
Opera Queensland	Queensland
Orchestra Victoria	Victoria
Queensland Ballet	Queensland
Queensland Symphony Orchestra	Queensland
Queensland Theatre Company	Queensland
State Opera South Australia	South Australia
State Theatre Company of South Australia	South Australia
Sydney Dance Company	New South Wales
Sydney Symphony	New South Wales
Sydney Theatre Company	New South Wales
The Australian Ballet	Victoria
Tasmanian Symphony Orchestra	Tasmania
Western Australian Ballet	Western Australia
West Australian Opera	Western Australia
West Australian Symphony Orchestra	Western Australia

TRACKING CHANGES IN CORPORATE SPONSORSHIP

AND PRIVATE DONATIONS 2011

June 2011

AUSTRALIAN MAJOR PERFORMING ARTS GROUP

1. BACKGROUND

Tracking Changes in Corporate Sponsorship and Private Donations 2011 tracks and analyses levels of corporate sponsorship and private donations for the major performing arts sector from the years 2001 to 2010.

The Australian Major Performing Arts Group (AMPAG) recognises the importance of corporate sponsorship and private donations income to the financial stability of all performing arts companies. As financial reserves stabilise and increase, the artistic vibrancy of the company is enhanced. Therefore, a series of annual surveys has been undertaken to track and monitor these revenue streams. This is the tenth year that the survey has been produced.

AMPAG is the umbrella group for the 28 major performing arts companies in Australia. Based in six states, the not-for-profit companies produce and present performance across opera, music, dance, drama and circus to audiences around Australia and internationally. More than half of their income is derived from box office, private and corporate sources.

The companies involved in the 2011 survey are currently designated as 'major performing arts' companies under the guidelines established by the Major Performing Arts Inquiry conducted in 1999. A list of the companies is included at Appendix 1. Criteria for designation can be found at www.ampag.com.au.

. RESEARCH METHODOLOGY

All 28 major performing arts companies responded to the 2010 survey.

The data analysis aimed to address the following focus questions within this report:

- Has total sponsorship and donations revenue increased over the period—and, if so, what is the size of the increase?
- Has the ratio of income from sponsorship and donations changed?
- Has sponsorship income increased over the period—and, if so, what is the size of the increase?
- Has there been growth in the number of sponsorships? Has the average amount changed?
- What is the proportion of cash to in-kind sponsorship? Is there any change over the review period?
- Has donations income increased over the period? If so, what is the size of the increase?
- Has the number of donors increased? Has the average donation amount changed?
- Has net income generated from fundraising and other events increased?
- Is there a clear national trend or a different trend state-by-state?
- How much does it cost to raise and service sponsorship and donations?

The data is presented responding to each of the questions, firstly for the whole sector, then state-by-state [1] and then art form. The research findings also include analysis by turnover[2]. In most cases, aggregate results and average results per company are provided.

The method for collecting data for this report has remained consistent over time. Companies complete the survey annually, providing financial and statistical data that

[1] Since only one company is reporting from Tasmania, no separate analysis of this state is provided in the report. Where applicable, the data of this company is included in the total sector, art form and turnover analysis.

[2] Companies are treated as "large" if their turnover in 2010 exceeded $15m, "medium" for companies with a turnover between $8m and $15m, and "small", less than $8m.

is used to produce the total sector, state and art form results[3]. Each company is required to provide explanation for any financial information that deviates materially[4] from results presented in their annual reports. Three main types of derivation have been noted in the 2010 results:

i Two companies have elected to include related Foundation and Trust information in their responses. These Foundations and Trusts are separately constituted bodies and do not form part of the financial results reported in the companies' annual reports.
ii Three companies do not include in-kind income in their annual report results but have included in-kind data in this report
iii Five companies apply different classification criterion in their annual report. For example, fundraising events are reported in gross rather than net terms and donation income is not separately disclosed, but included as part of other revenue.

Note that all companies that have elected to include additional material beyond what is reported in their annual report figures have done so consistently year on year.

"This project has been assisted by the Australian Government through the Australia Council for the Arts, its arts funding and advisory body."

[3] Minor fluctuations in data from previous surveys may be noted due to differing reporting periods for two companies.
[4] Materiality has been set at 10 per cent

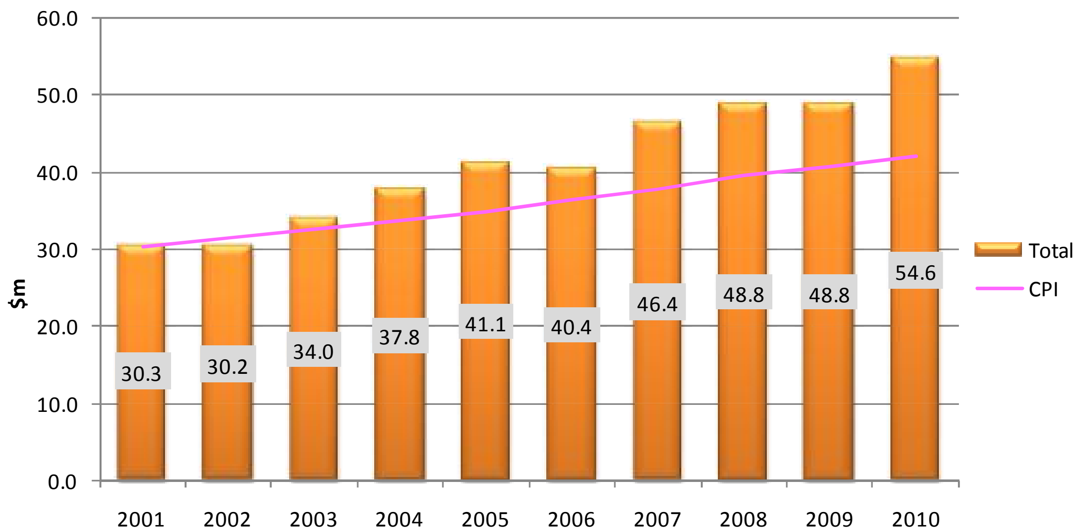
KEY RESEARCH FINDINGS

Total revenue from corporate sponsorship, private giving and net fundraising events within the major performing arts sector increased $5.8 million or 11.9 per cent to $54.6 million in 2010.

Over the ten-year period, total revenue has increased $24.3 million or 80.3 per cent, with earnings continuing to track ahead of CPI levels.

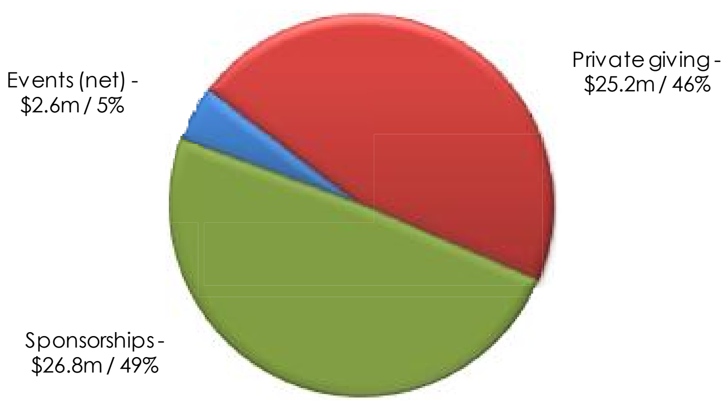
The following graph tracks total sponsorship and donations earnings since 2001.

Major performing arts companies total sponsorship and donation income 2001 - 2010



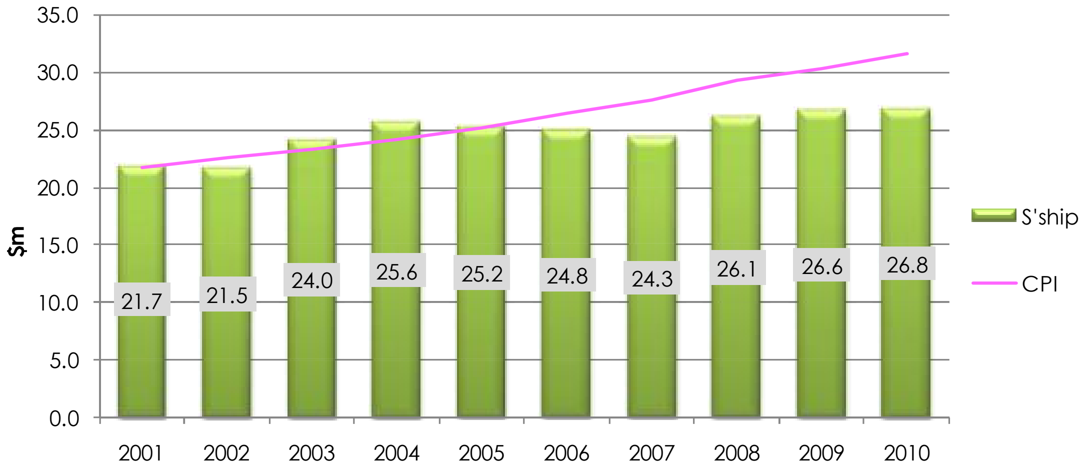
Of the total $54.6 million reported in 2010, $26.8 million (49 per cent) was received in the form of corporate sponsorship, $25.2 million (46 per cent) from private giving and a net amount of $2.6 million (5 per cent) came from fundraising events.

Major performing arts companies sources of revenue 2010



Major performing arts companies reported an increase of $0.2 million / 0.8 per cent in corporate sponsorship earnings in 2010. While this increase represents the third consecutive year of growth, earnings in both 2009 and 2010 tracked significantly behind CPI. Sixteen of the 28 companies reported an increase in earnings from this source in 2010 with 12 companies reporting decline. Queensland companies were the only group to universally report increases in earnings from corporate sponsorship in 2010.

Major performing arts companies corporate sponsorship income 2001 - 2010



In 2001, corporate sponsorship made up 72 per cent of total sponsorship and donation revenue. By 2010, this share had fallen to 49 per cent. While proportional increases in private giving have outpaced growth in corporate sponsorship, sponsorship still provides the largest proportion of revenue to the sector.

Private giving increased substantially in 2010 – up $5.4 million or 27.2 per cent on 2009 results. This reported increase was affected by the results of The Australian Ballet and Sydney Theatre Company – both of whom reported increases in private giving exceeding $2 million[5] each (hence contributing 89 per cent of this increase). The reported increase was therefore not universal across the sector. Eleven of the 28 major performing arts companies reported a collective decline of $1.2 million in private giving in 2010. The remaining fifteen companies[6] reported an increase of $1.8 million.

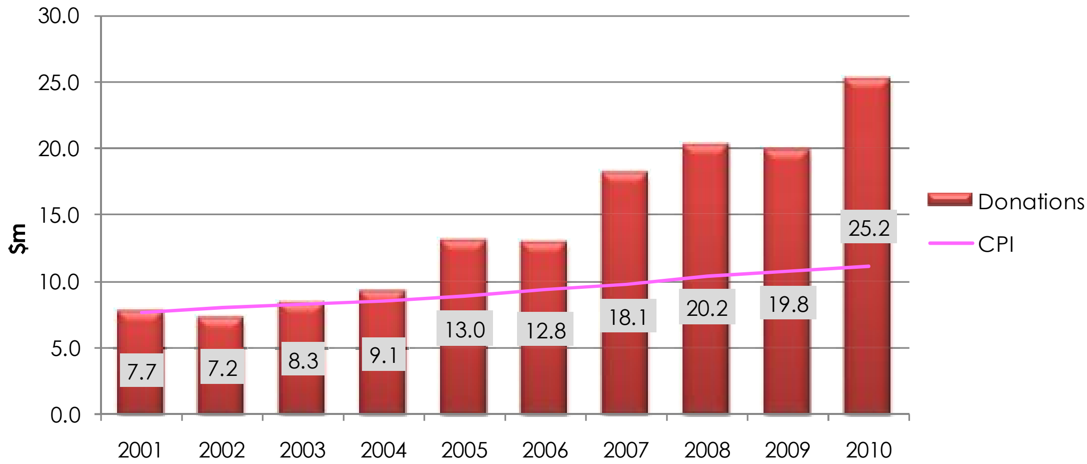
Total private giving has more than trebled since 2001 - increasing $17.5 million or 228.3 per cent since 2001. It is important to note that this increase has not been smooth. Peak years – such as 2005 and 2007/8 – are often proceeded by a drop in income the following year. It would be reasonable to expect, based on this historical data, that a similar fall may be reported by major performing arts companies in 2011.

In 2001, private giving made up 25 per cent of total sponsorship and donation revenue. By 2010, this proportion had increased to 46 per cent driving the overall reported increase in earnings for the sector.

[5] Ref 2010 Annual Report for Sydney Theatre Company (http://www.sydneytheatre.com.au/about) and The Australian Ballet (http://www.australianballet.com.au/about_us/corporate_information)

[6] Excluding The Australian Ballet and Sydney Theatre Company

Major performing arts companies private giving 2001 - 2010

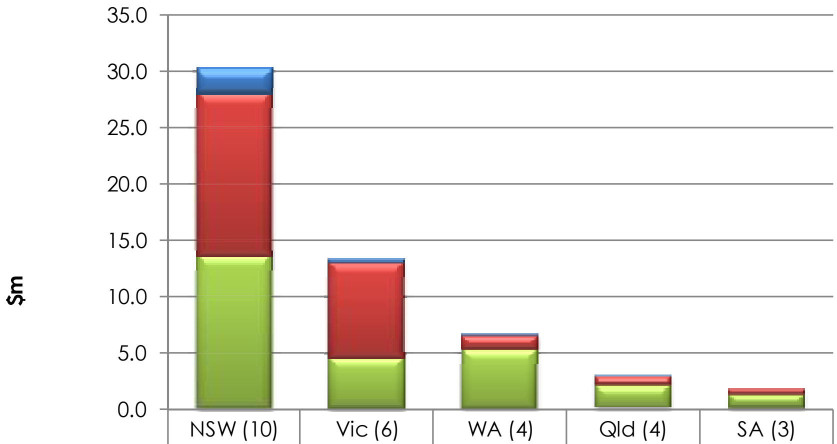


Major performing arts companies are substantially increasing their investment into securing private giving. In 2010, $5.3 million was spent to raise donation income, $1.4 million or 34.2 per cent more than 2009 levels. The ratio of direct costs to private giving[7] increased for the second consecutive year - from 20.2 per cent in 2009 to 21.2 per cent in 2010.

Analysis by state

Total sponsorship and donation earnings for 2010 by state were as follows:

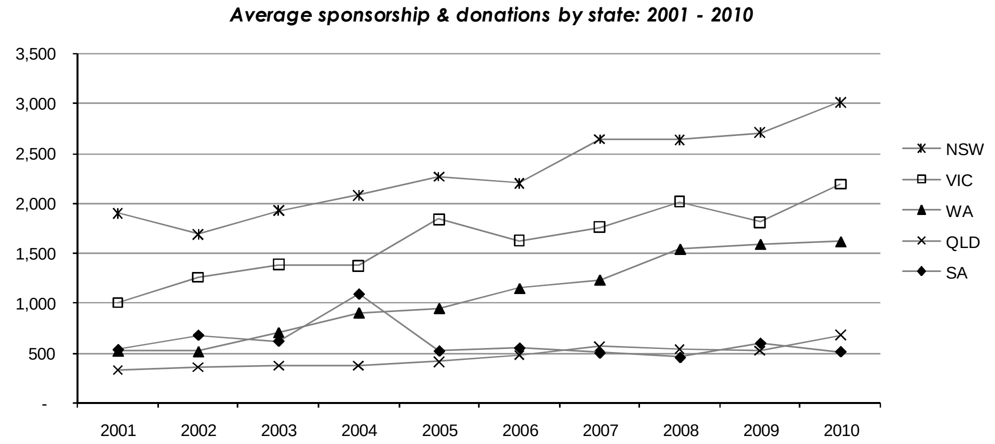
Total earnings by state - 2010



	NSW (10)	Vic (6)	WA (4)	Qld (4)	SA (3)
Events (net)	2,214	308	34	10	-
Donations	14,371	8,370	1,167	659	428
S'ship	13,544	4,487	5,261	2,058	1,120

The following graph provides a summary of the average amount generated from sponsorship and donation income by each state group from 2001 to 2010.

[7] This ratio provides indication of the efficiency with which private giving is raised. A lower ratio implies greater efficiency.



As previously reported, a significant part of the 2010 increase in total revenue was due to the private giving results of The Australian Ballet (Victoria) and Sydney Theatre Company (New South Wales). While these two companies dominate the overall result, patterns of earnings across the states are still discernable.

- Queensland companies were the only group to universally report increases in corporate sponsorship in 2010.
- Western Australian companies have capitalised on the mining boom in recent years and reported significant increases in corporate sponsorship earnings. In 2010 however, three of the four companies have reported a decline in earnings from this source. Private giving for Western Australian companies is also comparatively low.
- Victorian companies have successfully increased private giving over the past ten years. They however report lower than expected income from corporate sponsorship.
- South Australian companies are losing traction both in terms of revenue raising and costs.
- Corporate sponsorship income levels for New South Wales companies have remained essentially static for the past five years suggesting a ceiling may have been reached.

New South Wales

The total corporate sponsorship, donation and net fundraising event income levels for the 10 New South Wales companies increased $3.1 million compared to 2009 results. Much of this increase was due to the private giving result of Sydney Theatre Company. Two of the 10 companies reported an overall decrease in earnings, offset by eight companies who reported an increase. Since 2001 NSW companies have increased total sponsorship, donation and net fundraising events earnings by $11.1 million. This increase has been dominated by just two of the 10 companies. These companies make up 73 per cent of the overall increase reported by this state. Three companies report earning less in 2010 compared to 2001.

Corporate sponsorship earnings have stabilised for NSW companies in recent years, with modest increases reported in 2004-5 and 2008-10. NSW companies however are yet to return to the peak levels reported in 2005. Examination of the underlying data reveal that five of the 10 NSW companies report earning $3.9 million more in 2010 compared to 2001, while five companies report earning $3.2 million less. The data indicates that a ceiling in earnings from this source may have been reached. More research is required to determine whether this loss for some / gain for others pattern is due to the same pool of corporate sponsors moving from one major performing arts company to another.

NSW companies reported a 23.1 per cent increase in private giving in 2010, continuing the upward trend of sustained increases reported since 2003. All but one of the 10 companies report increased income from this source since 2001 with collective earnings up $9.1 million.

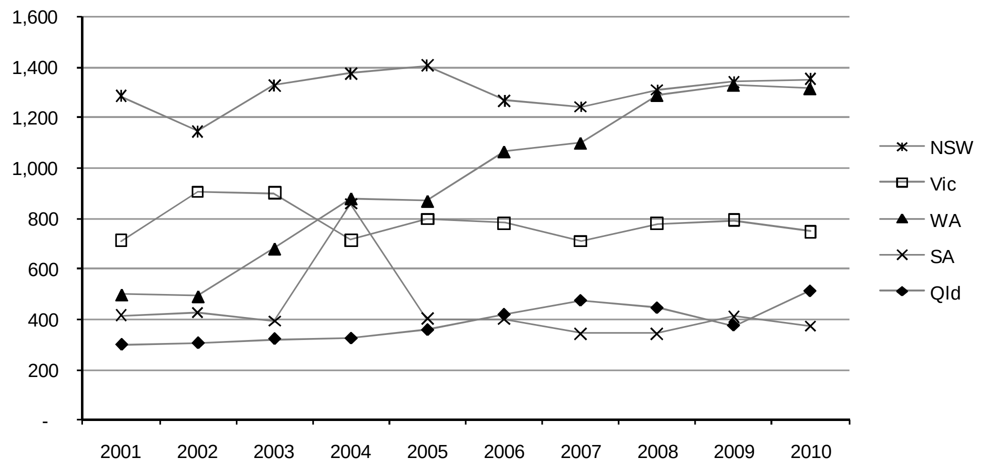
NSW companies spent a total of $2.1 million on raising donation income in 2010[8] - up just $35k on 2009 levels. Companies invested $1.5 million in wage related costs (up $80k) on 19.9 full time equivalent (FTE) staff (down 0.4). Total direct costs made up 14.5 per cent of total donation earnings – the lowest ratio of the sector. NSW companies have consistently reported the lowest ratio in cost to private giving over the 10 year review period.

Victoria

In Victoria, total corporate sponsorship, donation and net fundraising event income increased $2.3 million on 2009 results. Although this increase was essentially due to the private giving result of The Australian Ballet, a further three companies also reported (comparatively more modest) increases. Since 2001, Victorian companies have increased earnings by $7.1 million – with one company making up 74 per cent of this increase.

Victorian companies reported a decrease of 5.8 per cent / $275k in 2010 in corporate sponsorship income in 2010. Three of the six companies reported decreased earnings, two companies reported increases and one company reported negligible growth. Longer term analysis reveals that only two of the six companies are earning more from corporate sponsorship income in 2010 compared to 2001. Corporate sponsorships earnings have remained essentially static for Victorian companies for the past ten years. The average amount generated per company in 2010 – at $748k per company – is comparatively low. Victorian companies are, on average, generating close to half the level of corporate sponsorship income compared to their New South Wales and Western Australian counterparts.

Corporate sponsorship—average earnings by state 2001–2010 ($'000)



As reported, the significant increase in 2010 private giving for Victorian companies is largely due to the results of The Australian Ballet. However, three of the remaining five companies also reported increases – one substantially so. Since 2001, all six companies report earning more in 2010 compared to 2001 - with income up $6.6 million on 2001 results.

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[8] Only commentary on cost associated with raising donation income is presented in this section of the paper. Ref to section 4.6 for information on costs associated with corporate sponsorship.

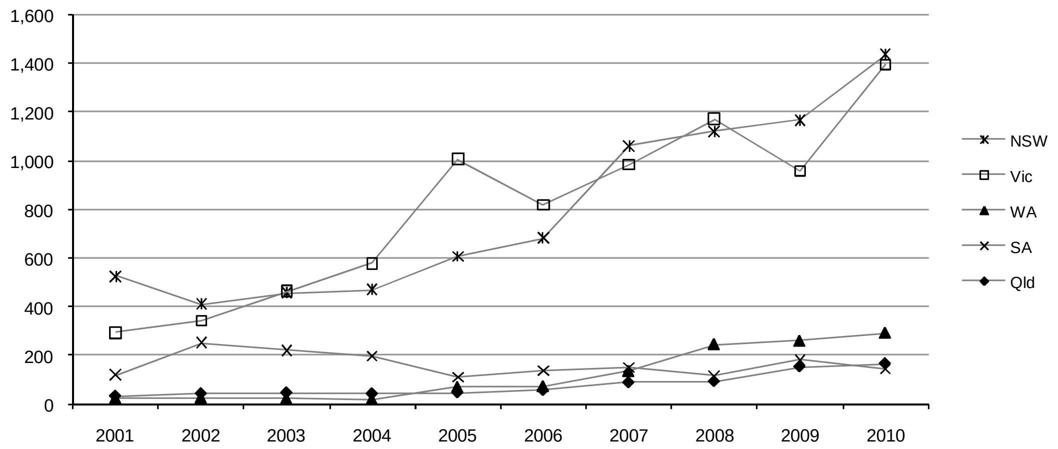
Victorian companies spent $2.4 million raising donation income in 2010 – up a substantial $1.0 million on 2009 levels. They employed 16.2 FTE staff at a cost of $1.2 million, 4.7 FTE / $259k more than in 2009. Non-wage costs amounted to $1.2 million - up $757k on 2009. Total direct costs made up 29.1 per cent of total donation earnings.

Western Australia
Western Australian companies reported increased earnings in total corporate sponsorship, donation and net fundraising event income of a relatively modest $103k in 2010. This increase disguises a more volatile picture. Two companies reported increased earnings of $640k, with the remaining two reporting a $531k decline.

Western Australian companies reported a 1.0 per cent / $55k decrease in earnings compared to 2009 - with three of the four Western Australian companies reporting a decline. The 2010 result was the first reported decrease in earnings from this source since 2005. It is difficult to determine from the historical data if this is a commencement of a downward trend, however there is inherent vulnerability due to these companies' heavy reliance on corporate sponsorship compared to private giving.

Three of the four WA companies reported an increase in private giving in 2010 – up $126k to $1.2 million. While these companies have consistently increased private giving since 2004, average income from this source remains comparatively low. In 2010, WA companies reported receiving an average of $292k per company, one fifth of what is generated by New South Wales and Victorian companies.

Private giving - by state (average per company) 2001–2010 ($'000)



WA companies spent a total of $303k to raise donation income in 2010 – an increase of $108k on 2009 levels. Companies employed 4.3 FTE staff in 2010 - up 1.0 FTEs on 2009 levels. The increase in staffing drove the overall increase in costs reported by WA companies. Total direct costs made up 26.0 per cent of total donation earnings.

Queensland
Queensland companies have reported an increase of $624k in total corporate sponsorship, donation and net fundraising event income in 2010 compared to 2009 results. This result is the most significant increase reported by these companies since 2001.

In 2010, corporate sponsorship income increased $557k on 2009 results – with all four Queensland companies reporting an increase. (It is notable that this was the only group examined in the survey to report universal increases). All four companies reported earning more in corporate sponsorship in 2010 compared to 2001 levels.

Three of the four Queensland companies reported increased private giving in 2010. These companies collectively received $659k in donations in 2010 – an increase of $54k compared to 2009.

Queensland companies spent $391k raising donation income in 2010 – up $189k on 2009 levels. These companies reported a jump in the number of FTEs employed – at 4.0 FTEs, increasing staffing levels by 1.6 FTE. Total direct costs made up 28.8 per cent of total donation earnings.

South Australia
South Australian companies collectively reported a decrease of $251k in earnings from total corporate sponsorship, donation and net fundraising event income. This result was due to the result of a single company. The remaining two companies reported modest increases.

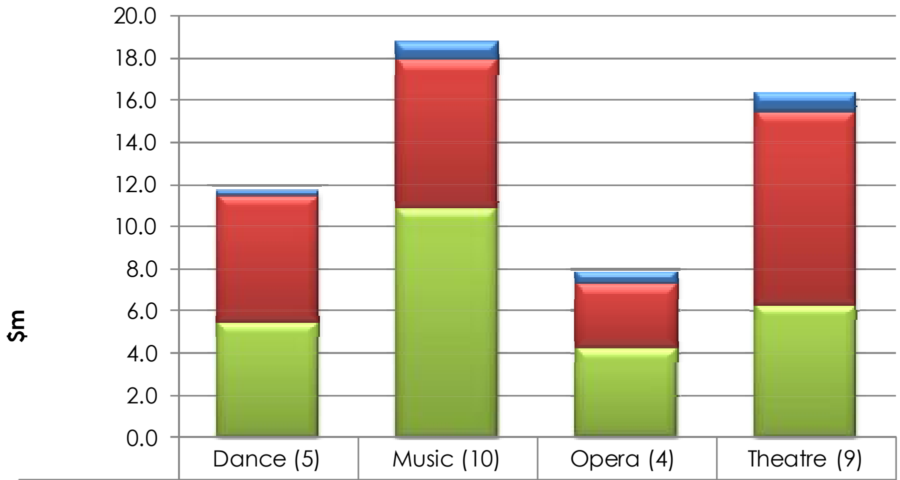
The results for both corporate sponsorship (down $111k) as well as donation income (down $113k) mirrors the result reported above – with one company driving the overall results.

South Australian companies again reported virtually no change in donation expenditure levels when compared with 2009. Little change in expenditure patterns have been noted by these companies since 2007. In 2010 a total of $123k was spent to raise donation income and 2.1 FTEs were employed. Total direct costs made up 28.8 per cent of total donations earnings. Total direct costs made up 59.2 per cent of total donation earnings.

Analysis by art form

Total sponsorship and donation earnings for 2010 by art form were as follows:

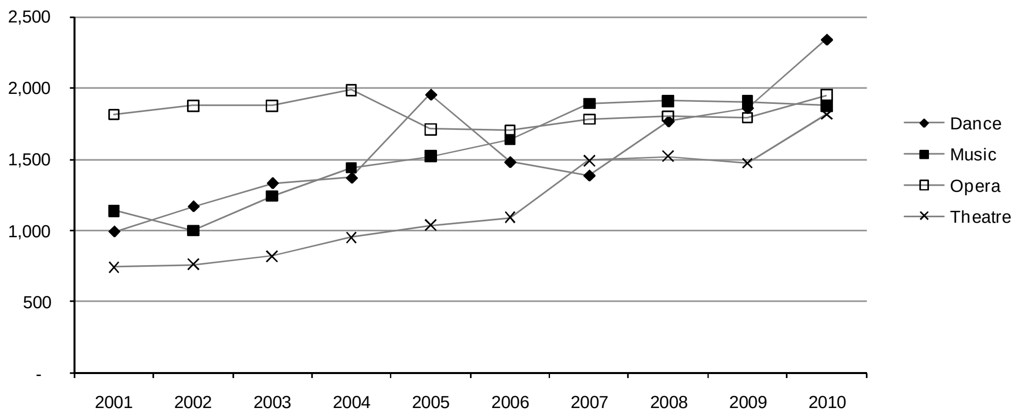
Total earnings by art form - 2010



	Dance (5)	Music (10)	Opera (4)	Theatre (9)
Events (net)	232	895	587	872
Donations	6,052	6,985	2,974	9,178
S'ships	5,410	10,881	4,234	6,271

The following graph provides a summary of the average amount generated from sponsorship and donation income by each art form group from 2001 to 2010.

Average sponsorship & donations by art form: 2001 - 2010



As previously reported, a significant part of the 2010 increase in total revenue was due to the private giving results of The Australian Ballet (Dance) and Sydney Theatre Company (Theatre). While these two companies dominate the overall result, patterns of earnings across the art forms are still discernable.

- Theatre companies generate markedly less corporate sponsorship income compared to other art forms.
- Dance companies report more year-on-year fluctuations in both corporate sponsorships and private giving. This could impact the annual budgeting process with increased uncertainty around expected levels of income from these sources.
- Opera companies report the least change in the number of corporate sponsors and donors suggesting a more mature market / limited pool of potential supporters.
- Only three of the ten music companies are delivering sustained growth.

Dance

Dance companies reported an increase of $2.4 million in 2010 with the majority of this increase stemming from private giving to The Australian Ballet. While The Australian Ballet dominates the result, three of the remaining four dance companies also reported increased earnings in 2010. Only one company reported earning less in 2010 compared to 2009.

All but one dance company reported increased earnings from corporate sponsorship in 2010 – with these companies collectively earning $240k more in 2010 compared to 2009. While dance companies in general have been able to increase income from this source over the longer term, the earning pattern has not been smooth. Distinct peaks in corporate sponsorship income are discernable in 2003, 2005 and most recently in 2010. It is difficult to determine whether the recent increases (from 2008-2010) are the commencement of a new period of stability. Historical data would suggest that these companies may experience a sudden drop in income from this source in 2011.

Dance companies reported a substantial 52.5 per cent increase in private giving in 2010. This result was dominated by The Australian Ballet. The remaining four companies reported a collective decline of $234k from this source in 2010. While four of the five companies report receiving more income in 2010 compared to 2001 - with collective earnings are up $4.9 million – The Australian Ballet again dominates these results.

Dance companies spent $1.9 million in raising donation income up $874k on 2009 levels. Dance companies employ 13.4 FTE staff – up a substantial 4.6 FTE from 2009. Both salary costs (up $258k) and other costs (up $616k) increased in 2010. Total direct costs made up 31.5 per cent of total donation earnings.

Music

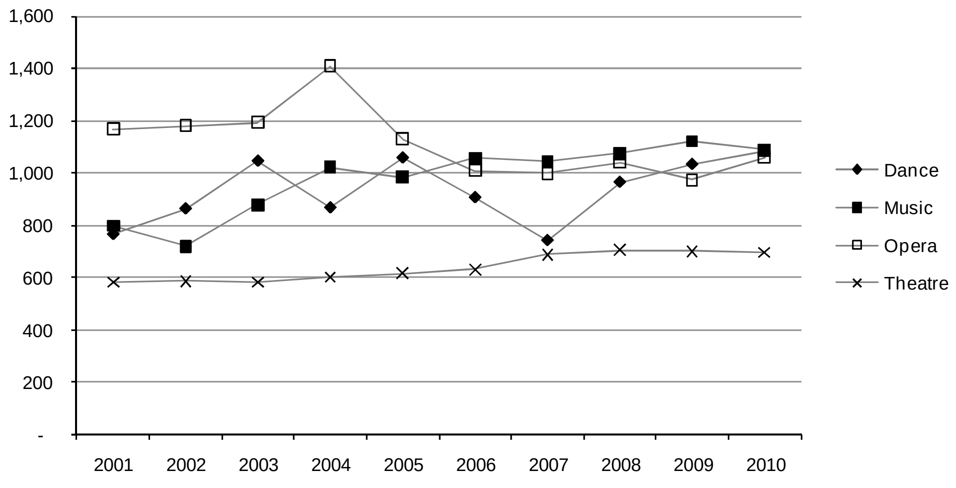
Total corporate sponsorship, donation and net fundraising event income declined $291k in 2010, with decreases reported from six of the ten companies. Since 2001, eight companies have reported increased earnings from total corporate sponsorships and donations – two music companies are earning less in 2010 compared to 2001. Analysis of the underlying data reveals that this ten-year result has been dominated by three of the 10 companies. These three companies made up 61 per cent of the total revenue generated by music companies in 2010 and collectively contributed 74 per cent of the $7.4 million increase reported over the ten-year period.

Corporate sponsorship income decreased $328k in 2010 to $10.9 million. Only four companies report earning more from corporate sponsorship income in 2010 compared to 2009 - with the other six companies reporting a collective decrease of $1.2 million. While music companies generated $3.1 million more from corporate sponsorship in 2010 compared to 2001 - this is due to the results of only six companies. Four companies collectively reported $1.1 million less corporate sponsorship income in 2010 than in 2001.

In 2010, music companies reported a negligible increase of just $15k or 0.2 per cent in private giving. Examining the underlying data reveals five companies reported a collective decrease of $786k, four companies increased earnings and one company reported (essentially) no change. Since 2001, music companies have increased donations income by 109.3 per cent (CAGR 7.7 per cent [9])

Music companies reported an increase in costs associated with raising donation income in 2010 – up $284k to $1.7 million. There was $1.2 million spent on 15.3 FTE staff – up 0.6 FTEs on 2009 levels. Total direct costs made up 27.9 per cent of total donation earnings.

Corporate sponsorship—average earnings by art form 2001–2010 ($'000)



Theatre

Theatre companies collectively reported a substantial $3.1 million increase in total corporate sponsorship, donation and net fundraising event income in 2010 compared to 2009. As noted, Sydney Theatre Company's result impacted substantially on this result. However

[9] CAGR: Compound average growth rate – year on year growth rate over a specified period, used to calculate what the annual increase each year would be if the growth pattern was smooth.

despite this, it is notable that only one of the nine companies reported a decrease in earnings in 2010. All theatre companies reported earning more in 2010 compared to 2001 – collectively generating an additional $9.6 million.

Theatre companies reported a small decrease of 0.6 per cent in corporate sponsorship earnings in 2010, replicating the results reported in 2007, 2008 and 2009. In 2010, theatre companies reported significantly less average earnings from this source compared to the three other art forms. These companies collectively reported an average of $697k per company compared to $1.1 million for dance, music and opera companies. Over the ten year review period, theatre companies have consistently reported the lowest average earnings.

Theatre companies reported a substantial $3.4 million increase in private giving in 2010 – primarily due to Sydney Theatre Company. While STC dominates the 2010 result, it is notable that six of the eight theatre companies also reported increases. Only negligible decreases were reported by the remaining two companies. Longer term analysis reveals that all theatre companies have increased revenue from this source - with 2010 income reported to be $6.7 million more than 2001 levels.

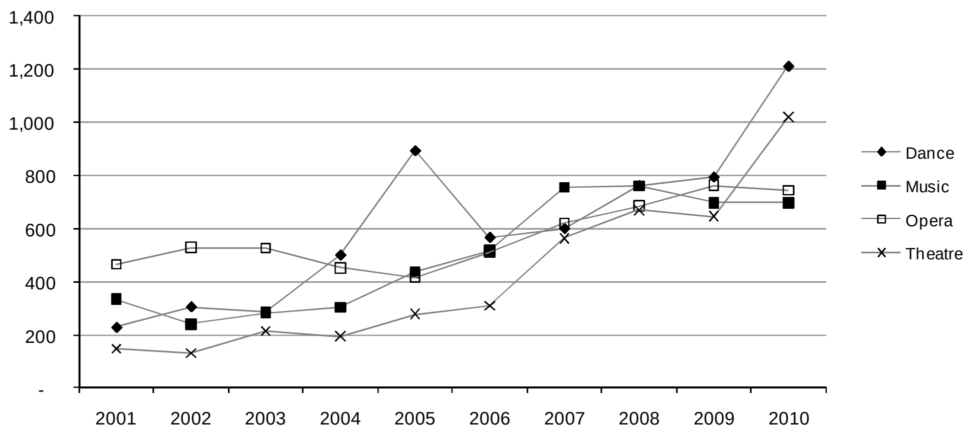
Theatre companies employed 1.8 more FTE staff to raise donation income in 2010, spending $155k more. Total costs incurred to raise donation income were $1.0 million in 2010. Total direct costs made up 11.4 per cent of total donation earnings – the lowest ratio of the sector.

Opera

Total corporate sponsorship, donation and net fundraising event income for opera companies increased $625k in 2010 – with three of the four companies up on 2009 levels. Comparing total income in 2001 to 2010 reveals that while opera companies now receive $546k more income, two opera companies have reported a decline in earnings – one substantially so.

Opera companies reported an increase of $339k in corporate sponsorship income in 2010, resulting from increased earnings of three of the four companies. Longer term analysis reveals that corporate sponsorship income has been eroded by $439k since 2001 – with one company driving this result.

Private giving - by art form (average per company) 2001–2010 ($'000)



Opera companies reported a 2.6 per cent decrease in income from private giving in 2010, stalling the trend of year on year increases that had been building since 2006. This decrease was due to the results of a single company. The remaining three companies reported very small increases on 2009 results. Since 2001, opera companies have increased donations income by 60.0 per cent (CAGR 4.8 per cent) – the smallest increase of the sector.

It is interesting to note that opera companies have reported the smallest change in the number of sponsorships secured. These companies reported 17 additional sponsorships in 2010 compared to 2001. (Dance = 27, theatre = 34 and music = 194) In addition to relatively low sponsorship secured, opera companies have also reported the smallest change in the donations received compared to other art forms. Since 2001, opera companies have received 784 more donations, dance, 1,823, theatre, 2,235 and music, 2,266. The relatively small change in both these factors could be indicative of a more closed and/or mature market.

Opera companies spent just $17k more on raising donation revenue in 2010 compared to 2009. Opera companies reported employing 0.4 more FTE staff. Total direct costs made up 14.7 per cent of total donation earnings.

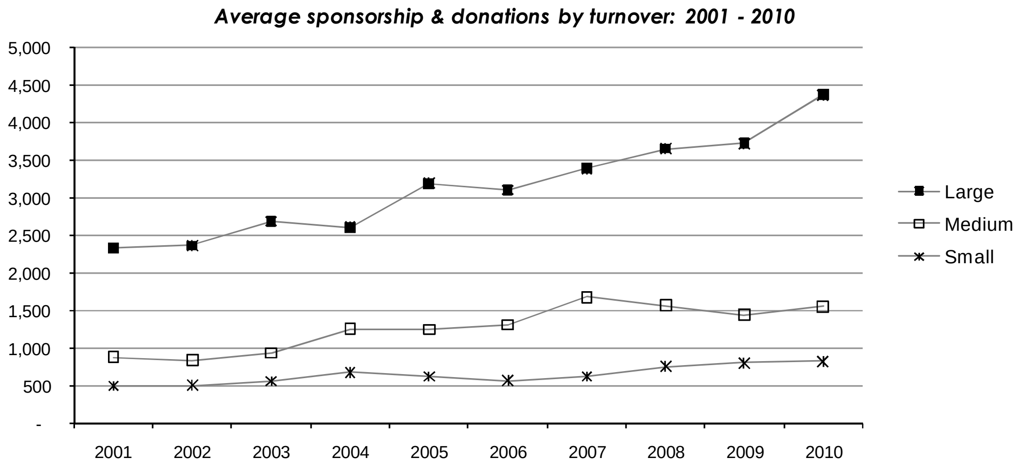
Analysis by turnover[10]

Total sponsorship and donation earnings for 2010 by turnover were as follows:

	Large (7)	Medium (9)	Small (12)
Events (net)	1,593	790	203
Donations	15,821	6,308	3,060
S'ships	13,233	6,886	6,679

The following graph provides a summary of the average amount generated from sponsorship and donation income by each turnover group from 2001 to 2010.

[10] Companies are treated as "large" if their turnover in 2010 exceeded $15m, "medium" for companies with a turnover between $8m and $15m, and "small", less than $8m.



As previously reported, a significant part of the 2010 increase in total revenue was due to the private giving results of two 'large' companies - The Australian Ballet and Sydney Theatre Company. While these two companies dominate the overall result, patterns of earnings across each turnover group is still discernable.

- Large companies reported a sharp decrease in corporate sponsorship in 2010, with all but one of these companies reporting decreased earnings from this source.

- Medium companies track substantially behind large companies in both private giving and – in particular – corporate sponsorship earnings. Their reported earnings are similar to small companies.

- Small companies reported a decrease in private giving of $300k or 9.9 per cent – reversing gains made in 2009. This decrease was relatively widespread with seven of the twelve companies raising less from this source in 2010 compared to 2009

Large companies
Large companies reported a $4.5m increase in total corporate sponsorship, donation and net fundraising event income – a result attributable to The Australian Ballet and Sydney Theatre Company private giving. The net increase $607k reported by the three other companies was more than offset by the $629k decline in earnings of the remaining two. Large companies reported receiving a total of $30.6 million in total development income, $14.3 million up on 2001 levels. Six of the seven large companies report to be earning more from this source in 2010 compared to 2001.

Large companies reported a sharp 7.5 per cent decrease in earnings from corporate sponsorship in 2010. This result was due to all but one of the seven companies reporting decreased earnings from this source. Over the ten year review period, large companies have reported a 19.9 per cent ($2.2 million) increase in earnings from this source, the weakest of the sector. Three of the seven companies report earning less in 2010 compared to 2001.

In 2010 large companies reported a substantial increase of $5.5 million / 53.2 per cent. While six of the seven large companies reported increased earnings, The Australian Ballet and Sydney Theatre Company dominated the result. Since 2001 large companies have reported a collective increase of $11.3 million or 248 per cent. While all large companies report earning more in 2010 from donations compared to 2001, two companies make up 78 per cent of the reported increase.

Large companies spent a total of $2.5 million on raising donation income in 2010 - up $308k on 2009 levels. These companies invested $2.0 million in wage related costs (up $318k) for 27.1 full time equivalent (FTE) staff (up a substantial 5.1). Total direct costs made up 16.0 per cent of total donation earnings.

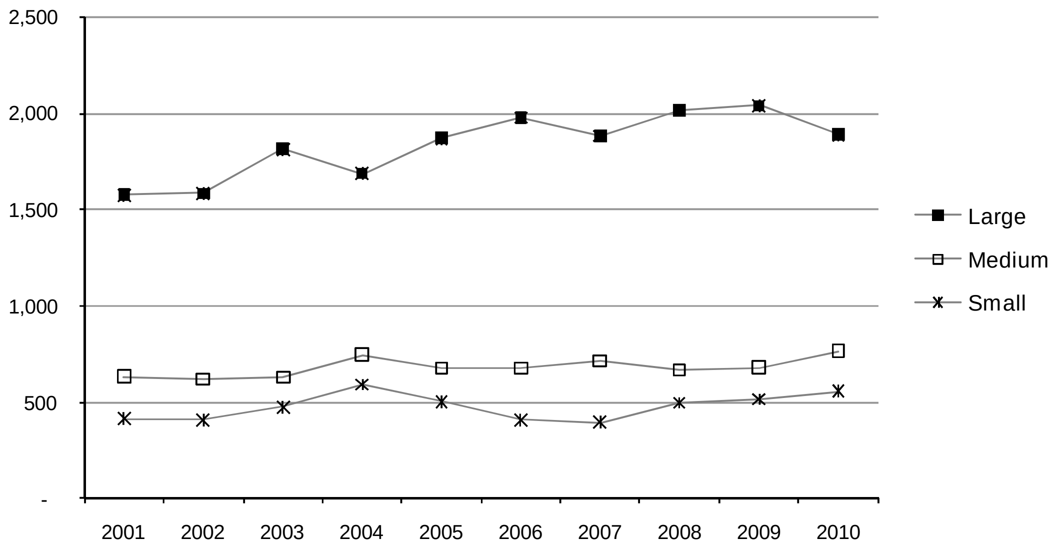
Medium companies

Medium companies have reported an increase in earnings from total corporate sponsorship, donation and net fundraising event income in 2010 – up $1.0 million and reversing the decline reported in 2009. Six of the nine companies reported increased earnings in 2010, with the remaining three companies collectively reporting a $731k decline. All but one medium sized company reported increased earnings from total development income in 2010 when compared to 2001 levels.

Medium companies reported a substantial 12.9 per cent increase in corporate sponsorship earnings for 2010. This increase was relatively widespread with eight of the ten companies reporting increased earnings from this source. Over the ten-year review period, medium companies reported a total increase in corporate sponsorship of 20.9 per cent. Despite this increase, average earnings in corporate sponsorship for medium companies is not markedly different to levels reported by the smaller companies. In 2010 medium companies reported earning an average of $765k per company from corporate sponsorship. Small companies reported $557k while large companies generated on average $1.9 million. (Refer graph below.)

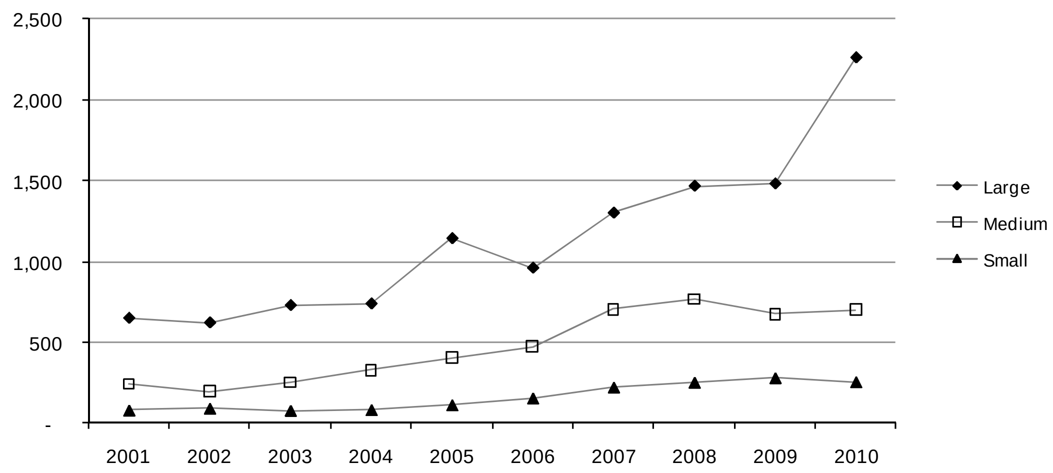
In 2010 medium companies reported a relatively modest increase of $230k or 3.3 per cent in private giving. Seven of the ten companies reported increases ranging from one to 42 per cent on 2009 levels. Three companies reported a decrease in private income, two companies materially so.

Corporate sponsorship—average earnings by company size 2001–2010 ($'000)



Like corporate sponsorship, the differentiation between private giving revenue levels for medium companies and small companies is relatively minor. There is a notable and widening gap between medium companies and large companies. On average medium companies received $701k in private giving, small companies reported $255k, while large companies received on average $2.3 million.

Private giving - by size of company (average per company) 2001–2010 ($'000)



Medium companies reported an increase in costs associated with raising donation income in 2010 – up $262k to $1.3 million. There was $928k spent on 12.0 FTE staff – up 1.6 FTEs. Total direct costs made up 20.4 per cent of total donation earnings.

Small companies

Small companies reported a $289k increase in total corporate sponsorship, donation and net fundraising event income in 2010. Eight of the 12 companies reported increased earnings, with four companies reporting that they generated $762k less in 2010 compared to 2009. Since 2001, nine of the 12 companies have increased earnings $4.8 million on 2001 levels but four companies collectively report earning $804k less in 2010 compared to 2001.

In 2010 corporate sponsorship earnings for small companies increased 8.3 per cent – with eight of the twelve companies reporting an increase in earnings. While earnings since 2001 has increased 34.1 per cent, not all small companies are reporting an increase in earnings. Four of the twelve companies generated a collective $1.2 million less in 2010 compared to 2001.

In 2010, small companies reported a decrease in private giving of $300k or 9.9 per cent – reversing gains made in 2009. This decrease was relatively widespread with seven of the twelve companies raising less from this source in 2010 compared to 2009. Two companies reported receiving less from donation income in 2010 compared to 2001. Collectively, all twelve small companies have reported an increase of $2.1 million in private giving.

The 12 small companies spent a total of $586k to raise donation income in 2010 – an increase of $113k on 2009 levels. Companies employed 7.3 FTE staff in 2010 - up 0.7 FTEs on 2009 levels. The increase in staffing drove the overall increase in costs with salary costs up $73k on 2009. Total direct costs made up 19.1 per cent of total donation earnings.

APPENDIX 1

List of major performing arts companies

Company	State	Art form	Turnover
Adelaide Symphony Orchestra	South Australia	Music	Medium
Australian Brandenburg Orchestra	New South Wales	Music	Small
Australian Chamber Orchestra	New South Wales	Music	Medium
Bangarra Dance Theatre	New South Wales	Dance	Small
Bell Shakespeare	New South Wales	Theatre	Medium
Belvoir	New South Wales	Theatre	Medium
Black Swan State Theatre Company	Western Australia	Theatre	Small
Circus Oz	Victoria	Theatre	Small
Malthouse Theatre	Victoria	Theatre	Small
Melbourne Symphony Orchestra	Victoria	Music	Large
Melbourne Theatre Company	Victoria	Theatre	Large
Musica Viva Australia	New South Wales	Music	Medium
Opera Australia	New South Wales	Opera	Large
Opera Queensland	Queensland	Opera	Small
Orchestra Victoria	Victoria	Music	Medium
Queensland Ballet	Queensland	Dance	Small
Queensland Symphony Orchestra	Queensland	Music	Medium
Queensland Theatre Company	Queensland	Theatre	Medium
State Opera South Australia *	South Australia	Opera	Small
State Theatre Company of South Australia *	South Australia	Theatre	Small
Sydney Dance Company	New South Wales	Dance	Small
Sydney Symphony	New South Wales	Music	Large
Sydney Theatre Company	New South Wales	Theatre	Large
The Australian Ballet	Victoria	Dance	Large
Tasmanian Symphony Orchestra	Tasmania	Music	Medium
Western Australian Ballet	Western Australia	Dance	Small
West Australian Opera	Western Australia	Opera	Small
West Australian Symphony Orchestra	Western Australia	Music	Large

*Note that both the State Opera of South Australia and the State Theatre Company of South Australia prepare their statutory accounts on a financial rather than a calendar year basis. For the purposes of this report, 10/11 forecast results have been included in the presented 2010 data.