

Growing cultural philanthropy: the Artsupport Australia model

The recent wave of Australian philanthropy has seen the not-for-profit sector – including the arts and culture – greatly benefit from new and diversified income sources, financial sustainability, and new partnerships.

This wave was underpinned by a strong Australian economy and the rise of private and corporate wealth in the 1990s. It was also accompanied by government reforms to build greater community and business engagement, philanthropy and corporate social responsibility (1).

The reforms included tax incentives to encourage philanthropy, precursors of which had appeared in Creative Nation, Australia's cultural policy of 1994, where the important role of the private sector - both individuals and corporations - in cultural investment was clearly recognised. A new national cultural policy is currently in development that will further consider new models for promoting stronger engagement between arts organisations and the philanthropic and business communities (2).

The relationship between the arts and community is a close one, and building stronger communities appears to be a priority for governments globally. When government arts funding cannot meet the growing demand, it is logical for the government to partner with the private sector to support growth in the arts and cultural sector. The Australian Government's provision of tax incentives has successfully played a part in mobilising these private resources. It's a complex exchange and ensuring its optimal flow is an ongoing task.

These changes systematically extend across government departments, including to the Australia Council for the Arts (3), the arts funding and advisory body, which has funded Artsupport Australia, an initiative whose entire *raison d'être* is to grow cultural philanthropy (4).

Launched in 2003 by the former Prime Minister, John Howard AC, Artsupport Australia has facilitated over \$50 million – and much more indirectly - in philanthropic income for approximately 200 artists and 600 arts organisations nationally. For an investment of nearly \$5.2 million over seven years, it has provided a return of almost 1000 percent.

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:

- grants distributed to cultural organisations from prescribed private funds (PPFs: a type of philanthropic trust) grew from \$761,000 in 2001/02 to \$9.58 million in 2007/08 (5), becoming the second most supported sector overall after welfare, and
- donations to over 1300 registered arts and cultural organisations increased 59 percent, from \$46.6 million in 2005/6 to \$74.4 million in 2009/10 (6)
- Australia Business Arts Foundation's (AbaF) *Survey of Private Sector Support for the Arts* for 2008-2009 reported that giving increased 6% on the previous year, despite the downturn (7).

Artsupport Australia is a key agent stimulating these trends. This success has generated international interest in Artsupport Australia's business model, not just

from arts bodies but sectors such as the environment and medical research seeking to replicate it. It is a unique and innovative model of government/private partnership helping mobilise resources to a defined sector.

THE VISION

Artsupport Australia began as a three-year joint pilot between the Australia Council and AbaF, each of which provided two staff. Since July 2006, Artsupport Australia has continued solely under the auspices of the Australia Council and now has two staff at the Sydney headquarters and state managers in Darwin, Brisbane, Perth, Melbourne and Western Sydney. This has provided greater national reach and enabled more local opportunities to be cultivated.

A UNIQUE, INNOVATIVE AND EFFECTIVE MODEL

Artsupport Australia's success in growing philanthropic support within a defined sector can be attributed to:

- being a free advisory service
- having direct and quick access to specialist knowledge
- providing customised advice/mentoring to both arts organisations and philanthropic individuals/entities
- having a national reach
- having a small and flexible team able to respond to opportunities quickly
- staff salaries and expenses covered by the Australia Council, the government's arms-length funding body
- having access to the resources of a parent organisation, the Australia Council for the arts, (venues, systems, communications, IT, HR and other services)
- strategic marketing events to build brand, networks and business
- having high-profile champions with industry expertise who publically 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, and
- government reforms to grow philanthropy that included making the establishment of family foundations easier, especially through the structure of PPFs which became private ancillary funds (PAFs) in October 2009.

STRATEGIES

To maximise the philanthropic exchange, Artsupport Australia's work focuses on two key players in the equation:

- A. individual artists and arts/cultural organisations, and
- B. individual philanthropists, private and corporate foundations.

The exchange is further strengthened by relationships with strategic bodies in government and business. Formal agreements with arts ministries in states and territories where the managers are based also fortify this work and bring new opportunities.

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.

A: PROGRAMS AND SERVICES FOR THE CULTURAL SECTOR

Artsupport Australia works mostly with small-to-medium companies whose annual turnover is less than \$1 million and which have limited staffing and resources for development. For many of these organisations, fundraising is not a core activity, though a welcome strategy for increasing income. That is not to say that Artsupport Australia doesn't work with the larger organisations, but, in reality, they are fewer, are better resourced, and in most cases are well advanced in development resources.

MENTORING

As philanthropy is a new proposition for many organisations, Artsupport Australia provides:

- ongoing one-on-one coaching to assist with strategic advice and practical tips on developing philanthropic funding sources
- presentations to boards, as required, to educate and inspire them to be more actively engaged in philanthropic fundraising
- advice on trusts and foundations relevant to an organisation's programs and activities; in the preparation and review of written applications to trusts and foundations; and guidance for building relationships with them.

THE IMPORTANCE OF THE BOARD

Artsupport Australia's experience confirms that the greatest outcomes in philanthropic fundraising arise when fundraising principles are adopted at board level, and in the longer term, across a whole organisation.

Artsupport Australia's advocacy with boards of arts organisations has persuaded some to donate funds specifically to employ fundraising staff.

SPECIAL MENTORING PROGRAMS

Three special mentoring programs have been developed to address specific needs of arts organisations with similar fundraising challenges:

1. MAJOR PERFORMING ARTS BOARD PHILANTHROPY MENTORING PROGRAM

A philanthropy training program has been piloted for the Australia Council's 28 Major Performing Arts Board (MPAB) companies – comprising national and state theatre companies, orchestras, ballet companies - to assist in developing and growing their philanthropic funding sources, especially via individual gifts or donor programs.

The program engages a mentoring consultant to source a suitable mentor for each company and monitor and evaluate the program'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 their philanthropic support increased 157 percent between 2001/09.(8)

2. INDIGENOUS PHILANTHROPY MENTORING PROGRAM

Indigenous arts were identified from the outset as a major opportunity for significant philanthropy. A two-part program capitalised on this potential.

Firstly, a specialist manager was appointed in Darwin, in a region with the highest proportion of Indigenous people, to mentor artists and organisations – and many of them in remote locations – 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 programs are integral to health, education or social services.

The second component involved a special national Indigenous philanthropy mentoring program for ten selected Indigenous arts organisations over three-years.

The program, which had a similar structure to the MPAB program, concluded in December 2009, culminating with an Indigenous philanthropy expo featuring the participants in Melbourne.

3. KEY ORGANISATIONS PHILANTHROPY MENTORING PROGRAM

Artsupport Australia developed a third program for the Australia Council's Key Organisations division, for its small-medium triennially-funded arts clients.

The two-year program commenced in 2008 with 15 Key Organisations, and another 15 starting in 2010. Each was provided with the 50 percent salary costs of a part-time philanthropy manager, after which time they were expected to be self-funding. The manager and organisations are mentored by Artsupport Australia for the duration of the program.

ANNUAL LECTURE & MASTERCLASS

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 skills of individual fundraisers. To date they have been:

- 2005 lecture by Kingsley Aikins on the 'Role of Boards and Major Gifts'
- 2006 masterclasses and lectures by Richard Radcliffe on 'Gifts in a Will' (or bequests)
- 2007 masterclasses and lecture by Professor Adrian Sargeant on 'Critical Issues in Fundraising'
- 2008 masterclasses and lectures by Linda McGregor and Richard Wentworth-Ping on 'Women and Philanthropy'
- 2009 masterclasses by Cameron Watson and Bob Burdenski on 'Regular and Annual Giving: What can the arts learn from the charity and higher education sectors?'
- 2010 a second round of masterclasses and lectures by Richard Radcliffe on 'Gifts in a Will' (or bequests)

SPECIAL PROJECTS

To date, Artsupport Australia has commissioned two strategic projects:

- the first, managed by Pareto Fundraising, evaluated how well 25 large arts organisations managed new enquiries for membership, major gifts and bequests, and
- 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.

It has also published *An arts guide to philanthropic gifts and tax: the dry stuff* (9), an online resource to help arts organisations understand the tax and legal requirements associated with receiving gifts.

B: PROGRAMS AND SERVICES FOR PHILANTHROPISTS, TRUSTS AND FOUNDATIONS:

Artsupport Australia encourages high net worth (HNW) Australians to become more strategic and structured with 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 which many philanthropists are not aware of.

There are many wealthy cultural devotees whose philanthropic capacity has not yet been realised, who are obvious targets for Artsupport Australia's work. They are typically private people, so strategies have been devised to reach them through professional networks or service providers.

Artsupport Australia has also developed working relationships with key providers including: private banks and wealth management arms of investment banks; financial advisors and planners; trustee companies and tax lawyers as a conduit to connect with these new prospects.

Converting financial planners to understand the value of philanthropy and promoting it as an option to their clients continues to be a challenge in that industry.

Artsupport Australia's essential role as an intermediary between the arts and philanthropic sectors, and being advisor to both, means that it does not seek donations for itself. This makes approaching new philanthropists less difficult than it may be for arts organisations seeking it directly.

ADVICE

Artsupport Australia provides a free one-on-one advisory service for donors and foundations. This enables it to better understand the wishes and needs of these clients, and provide customised advice and resources, and research arts-based projects that meet their criteria.

Artsupport Australia can help clarify their 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 vast expertise to inform this process.

SEMINARS AND NETWORKING EVENTS

Artsupport Australia has coordinated strategic events of interest for HNWs including:

- Seminars promoting the tax benefits and other advantages of philanthropic trusts such as PPFs/PAFs for those considering philanthropy. Presented by high-profile experts covering charity law and the practical aspects of running PPFs/PAFs, these events have encouraged many to establish their own.
- Exclusive events for existing and potential philanthropists using high-profile speakers such as leading arts duo Cate Blanchett and Andrew Upton at Sydney Theatre or businessman, art collector and philanthropist Kerry Stokes AC at the Sydney Opera House and,
- Exclusive networking events for PAF founders and trustees to discuss ideas and experiences and forge a community of arts philanthropists.

Some events have been co-hosted with Philanthropy Australia (PA), the national peak body for the sector, to enable maximum reach to targeted audiences and share resources. 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 in 2008) and Doris Duke Charitable Foundation (Ben Cameron in 2009) and Changing Our World (Dr Susan Raymond in 2010).

BROKERING

One of Artsupport Australia's most rewarding activities is to take requests from donors and foundations to research and source cultural organisations and projects that meet their specific criteria.

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 organisations where their gifts often make a greater impact. In fact, 70 percent of Artsupport Australia's clients are small-to-medium organisations with an annual turnover of \$500,000 or less.

Success stories include 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 sixteen successful proposals, providing \$3.1 million in multi-year grants to a wide spectrum of small-medium arts organisations for projects working with disadvantaged communities.

THE CHALLENGES

THE ARTS AS A CAUSE AREA

There are many misconceptions about the arts that present an extra challenge in the fundraising game. Typically the arts are deemed elitist, government-funded and unnecessary. But when the health, social and community returns of the arts are better understood, attracting philanthropic income becomes easier.

Consider Silver Memories, a program run by 4MBS FM – a community-run classical music radio station which provides radio sets to isolated and disadvantaged elderly in aged-care centres in south-east Queensland, and Milk Crate Theatre which runs life-changing workshops and performances with Sydney's inner-city homeless.

Helping arts organisations to measure and demonstrate the community benefits of their work makes them a stronger candidate for philanthropic support.



Milk Crate Theatre - Australia's only theatre company solely dedicated to the homeless and disadvantaged. Photo: Elyse Patten

Despite the challenge that the arts sector faces as a fundraising cause, it shares all the other 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
- lack of experienced fundraisers, resources to employ them and their migration to other sectors. This is especially true for the arts, relative to sports, health, and welfare.

SUMMARY

In seven years, Artsupport Australia has provided the Australian arts and cultural sector with skills and resources to confidently engage with the philanthropic sector and to diversify its funding sources for greater sustainability. It has been

entrepreneurial, discerning and responsive to sector needs. It has formed strategic government, business and philanthropic partnerships to facilitate lasting change.

Bringing \$50 million of new philanthropic income to Australian arts and culture for a government investment of \$5.2 million is a strong outcome. The unique business 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, and could easily translate to sectors other than the arts and be replicated internationally.

"It is very rewarding to see inspired arts and cultural projects take flight with successful donation programs or new philanthropic partners," says Artsupport Australia director, Louise Walsh. "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 for the arts to stay ahead of the pack.

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Footnotes:

- (1) The Prime Minister's Community Business Partnership <http://www.fahcsia.gov.au/sa/communities/pubs/Community/Pages/default.aspx>
- (2) The Hon. Simon Crean MP, Minister for Regional Australia, Regional Development, Local Government, and Minister for the Arts, Speech 29 September 2010. http://naedf.com/wp-content/uploads/2010/09/Crean-Press-Club-29_9.pdf
- (3) The Australia Council for the Arts <http://www.australiacouncil.gov.au/>
- (4) Artsupport Australia http://www.australiacouncil.gov.au/philanthropy/artsupport_australia
- (5) http://www.bus.qut.edu.au/research/cpns/publications/documents/2010_1_PPFs_Web_v2.pdf
- (6) Annual Report, Department of Water, Heritage and the Arts, 2010 <http://www.environment.gov.au/about/publications/annual-report/09-10/outcome5.html>
- (7) Australia Business Arts Foundation, 2010 *AbaF Survey for Private Sector Support* http://www.abaf.org.au/files/Research/AbaF_Survey_of_Private_Sector_Support_2010_Summary.pdf
- (8) Australian Major Performing Arts Group, 2010 survey <http://www.ampag.com.au/Resources>
- (9) Australia Council for the Arts, 2010 *An arts guide to philanthropic gifts and tax: the dry stuff* http://www.australiacouncil.gov.au/philanthropy/tax_guide

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