

Answers for questions taken on notice

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A NEW APPROACH

ANA

A New Approach (ANA) is Australia's leading arts and culture think tank. We are non-partisan, evidence-based and supported by a national alliance of nine philanthropic organisations.

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Question from Dr Katie Allen MP

Q: It sounds like, as you said, the three layers of government almost become partners from a funding point of view. Firstly, is that true for the sports sector?

Unfortunately there is no single dataset of government funding for sport and active recreation - i.e. no sporting equivalent to the *Cultural Funding by Government* data series that is prepared by the Australian Bureau of Statistics.

However, according to the Australian Clearinghouse for Sport, aggregating data from a range of reports suggests that the funding split between local, state/territory and federal government is not evenly distributed, with the majority of funding coming from local governments, and the lowest level of support coming from Federal government at somewhere between 1 and 10% of total sport and recreation funding.

Questions from Dr David Gillespie MP

Mr Myer: The other process is the Register of Cultural Organisations, ROCO, which was set up to fast-track DGR status for a number of cultural organisations. I don't know what the current figure is, but at one point there were 1,000 organisations on that register.

CHAIR: Okay.

Ms Fielding: Would you like us to provide further information on CPA and on that topic [the number of organisations registered on the ROCO]?

CHAIR: That would be wonderful, yes.

From the [Office for the Arts website](#): “The Register of Cultural Organisations is a list of cultural organisations that can receive tax deductible gifts. The register aims to strengthen private sector support for the arts and encourages Australians to contribute to the nation's vibrant cultural life.”

As of 21st January 2021, there were 1865 cultural organisations registered with The Register of Cultural Organisations (ROCO), distributed amongst the states and territories as shown in the following table:

Australian Capital Territory	71
New South Wales	622
Northern Territory	46
Queensland	240
South Australia	135
Tasmania	49
Victoria	547
Western Australia	155
Total	1865

*Table 1: Registered Cultural Organisations by State.
Source: Register of Cultural Organisations (ROCO) —
Organisations and funds as of 21 January 2021*

This figure of 1865 cultural businesses registered with the ROCO is in contrast to the approximately 50,000 cultural organisations registered with the Australian Bureau of Statistics (ABS) Business Register (as of June 2020). Obviously not all of these cultural organisations are not-for-profit organisations eligible to register on ROCO, however.

Q: How well do you think philanthropy is accessed at a local community level? I'm not necessarily talking about national institutions philanthropy, like donating paintings and things to galleries, but, in terms of DGR status at a local level—for example, the Port Macquarie internationally renowned Glasshouse entertainment and convention centre, which is like the Opera House up in Port Macquarie, or the Manning Entertainment Centre in Taree, another hub of cultural performing arts. How well do people and local entities in local government et cetera—like the people who presented, as you might have seen today, regarding the Gold Coast Home of the Arts—access philanthropy, in your experience, or is it just ad hoc individual people?

Research by CPA using data from 2017 suggests that private sector support does not flow evenly across organisation types. Smaller entities with lower total incomes (i.e. total incomes derived from earned income, government support, philanthropic support and "other sources") receive significantly less philanthropic support, as can be seen in Figure 1. Micro cultural organisations make up 45% of Australian arts and cultural organisations, but only receive 3% of total private sector contributions. In an almost direct inverse relationship, Extra Large cultural organisations make up only 3% of Australian arts and cultural organisations, but receive 41.4% of all philanthropic support.¹

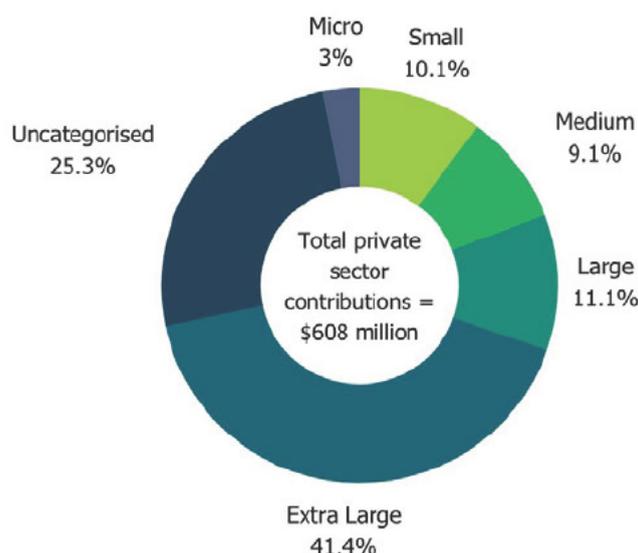


Figure 1: Distribution of philanthropic support among differently sized cultural organisations as a percentage of total. Source: Data drawn from CPA, 2018. Analysed by ANA.

Additionally, the types of philanthropic activity are not evenly distributed, as shown in Figure 2. Organisations who have the lowest overall incomes are also more likely to receive support primarily through volunteering efforts or in-kind donations of skills or resources, rather than money. Monetary support, in the form of sponsorship, donations, fundraising dollars and bequests, more frequently flows to organisations with higher overall income levels.

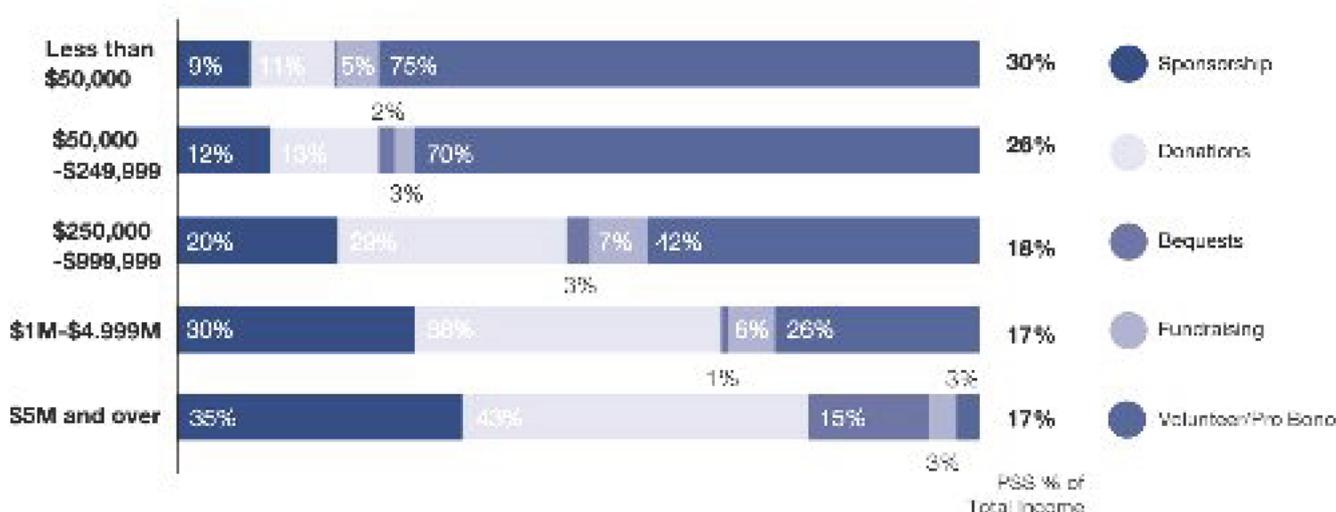


Figure 2: Distribution of forms of philanthropic support across differently sized cultural organisations. Source: Creative Partnerships Australia, 2018, p. 30

¹ Micro cultural organisations are defined by CPA as having a total income below \$50,000. Extra large cultural organisations have a total income above \$5 million.

Cultural organisations who attract less philanthropic funding put this down to a lack of time, skills and other resources:

“1 in 10 arts organisations spent more on fundraising than they earned (13%) and this was similar for different sized organisations...They lacked the staff, skills and resources to raise funds, and had difficulty building and maintaining relationships with donors. The main avenues identified to improve successful fundraising were: employing dedicated fundraising staff, having more experienced staff and volunteers, and a higher organisational profile.” (CPA, 2018, p. 26)

Q: Businesses want to be part of this too, not just individuals. If DGR status would make a favourable impression, why isn't everyone applying for DGR status in this public performing arts space?

Cultural organisations who are applying for DGR status can do so by applying to be included on the ROCO, however the process of being approved for DGR status through ROCO typically takes from 6-12 months.

Given those time frames, an alternative option for entities who have the opportunity to receive philanthropic donations, but don't have DGR status, is the Australian Cultural Fund.

How does the Australian Cultural Fund work?

According to Creative Partnerships Australia, “the Australian Cultural Fund is a fundraising platform for Australian artists. It is managed by Creative Partnerships Australia and was established by the Australian Government in 2003 to encourage donations to the arts.

Through the ACF, artists upload their project, start their fundraising campaign and invite art lovers and supporters to donate.

Creative Partnerships' unique Deductible Gift Recipient (DGR) status allows the ACF to offer tax deductibility to donors”.²

“Creative Partnerships Australia assesses the gift and approves funds to the artists, taking donor preferences into consideration. Artists receive the funds to create their work, and the magic happens”.³

Q: In your investigations and observations, how willing do you find that companies, besides the very big ones, are to engage in this sort of philanthropy? Is it just that small and medium businesses don't have the luxury?

In short, differently sized businesses, and different types of businesses and organisations, provide philanthropic support in quite different ways.

According to CPA's 2018 report on private sector contributions to arts and culture, both governments and philanthropic organisations spend more on larger cultural organisations.

Philanthropic organisations are more likely to fund projects in outer metropolitan areas.

² CPA website: <https://creativepartnerships.gov.au/>

³ Australian Cultural Fund website: <https://australianculturalfund.org.au/>

Volunteers, as well as individuals or businesses offering pro bono services, are more likely to offer these to smaller and non-metropolitan organisations.

CPA also breaks down the question, “who gives what kind of support?” by cultural industry, as can be seen in Figure 3. This chart demonstrates that:

- Media and communications organisations receive the highest proportion of private sector support (as a percentage of their total income) and that this is predominantly received through volunteer and pro bono services’
- Festivals receive the highest proportion of sponsorship - i.e. usually from businesses
- Performing arts organisations receive the highest proportion of donations
- Visual Arts organisations receive the highest proportion of bequests and;
- The proportion of fundraising support received by all categories of organisation is quite low, between 2% and 5% of total income.

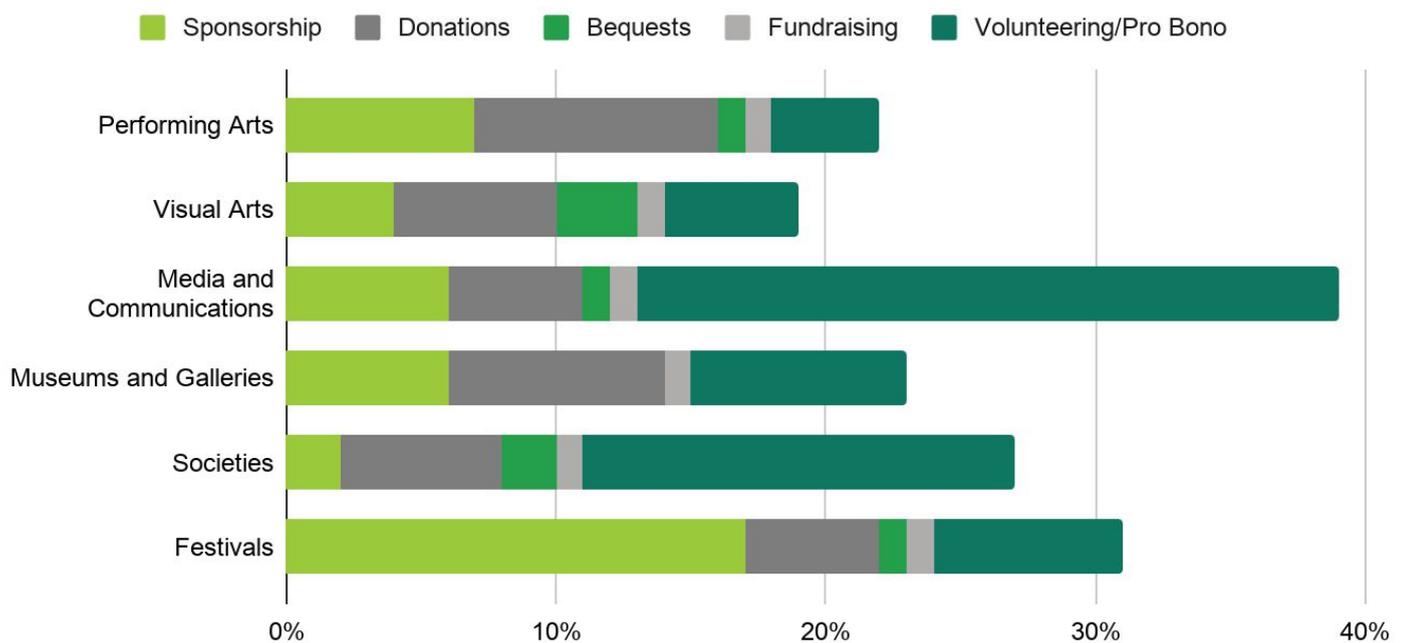


Figure 3: Forms of private sector support, by industry, as proportion of industry's total income.

Finally, although this research is now outdated, findings from the 2011 Review of Private Sector Support for the Arts found that:

“Donors value relationships as a key component of the giving transaction—whether giving is the result of private donations or corporate sponsorship. As an extension of this, donors are inclined towards providing support where there is a direct link to an individual artist.”⁴

From this, we can suggest that smaller businesses embedded in local communities are more likely to sponsor or donate to smaller, more locally relevant cultural organisations. Further and more recent research would need to be conducted to confirm this supposition.

⁴ Mitchell, Harold. 2011. “Report of the Review of Private Sector Support for the Arts.” Australia: Australian Government. https://www.arts.gov.au/sites/default/files/report_of_the_review_of_private_sector_support_for_the_arts_1.pdf. (p. 7)

Supplementary information:

Cultural participation by children

During the hearing, Kate referred to the ABS's data series regarding participation in cultural activities by children aged 5 to 14 years. These key statistics identified by the ABS from the 2017-18 dataset included:

- "In 2017-18, most Australian children aged 5 to 14 years participated in a cultural activity outside of school hours (95.6%).
- Nine in ten children participated in screen based activities (90.3%), and 78.5% of children participated in Reading for pleasure.
- Creative activities, including drama, music, dancing, art and craft activities, creative writing and creating digital content were also popular, with a participation rate of 63.4%."⁵

Infrastructure

During the hearing there was a short discussion about built infrastructure. The following analysis of the ABS's *Cultural funding by government* dataset may be of interest to the Committee.

- Capital expenditure is typically a minor part of total cultural expenditure across the three levels of government, significantly outweighed by expenditure on recurrent activities.
- Over the period 2007–08 to 2017–8, recurrent activities accounted for between 82.2% and 88.5% of total cultural expenditure by governments. In contrast, capital expenditure accounted for between 11.5% and 17.8% of the total cultural expenditure by governments.
- However, capital expenditure is increasing as a proportion of the total. Between 2007–08 and 2017–18, capital expenditure per capita increased by 47.6%, while recurrent expenditure per capita decreased by 11.7%.⁶

There are also differences between the different levels of government: While all levels of government commit substantially more of their cultural budget to recurrent activities than to capital items, they each have a different balance between capital and recurrent expenditure:

- The federal government has generally spent most of its cultural budget on recurrent activities—only twice since 2007 has it directed more than 10% of its total cultural expenditure to capital expenditure (in 2009–10, with 10.2%, and in 2017–18 with 13.7%).
- State and territory governments have most often had the biggest focus on capital expenditure, spending between 15.0% and 23.1% of their cultural budget on these items.
- Local governments have spent between 12.4% and 16.9% of their cultural budget on capital expenditure.⁷

⁵ From ABS, '4921.0 - Participation in Selected Cultural Activities, Australia, 2017-18.' 2019.

<https://www.abs.gov.au/statistics/people/people-and-communities/participation-selected-cultural-activities/latest-release>

⁶ From *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia* Produced by A New Approach (ANA) think tank with lead delivery partner the Australian Academy of the Humanities. 2019 p21

⁷ From *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia* Produced by A New Approach (ANA) think tank with lead delivery partner the Australian Academy of the Humanities. 2019 p24