AUSTRALIAN MAJOR PERFORMING ARTS GROUP

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MEDIA RELEASE

Tracking Changes in Corporate Sponsorship and Private Donations 2008

A project of the Australian Major Performing Arts Group, the Tracking Changes in Corporate Sponsorship and Private Donations 2008 Survey is the seventh annual report on private and corporate income earned by the major performing arts companies. It tracks and analyses levels of corporate sponsorship and private donations for the major performing arts sector for the years 2004 – 2008.

Findings show a steady pattern of increase in private support over the five year period with $49.6M achieved by the 28 companies in 2008 – an increase of $11.8 million (31.3%) since 2004.

In 2008 $27.1 million (55%) was received in the form of corporate sponsorship, $20 million (40%) from donations and $2.5 million (5%) from fundraising events.

“These figures reflect the changes in giving patterns in Australia with the proportion of corporate support declining overall from 2004, when it made up 68% of the giving income, and the proportion of private philanthropy increasing significantly” said Sue Donnelly, AMPAG Executive Director. “Fundraising events also now contribute less to a company’s earned income”.

“Companies work very hard at maintaining relationships with their sponsors and donors. The real issue is what will happen this year and in 2010 when the effects of the recession fully start to kick in. Typically the arts sector lags 18 months behind the rest of the economy. Already companies are reporting that many private donors, who are more than happy to continue supporting them, can only do so at a reduced level. The same is being indicated by private philanthropic funds (PPFs) and foundations. This is not surprising given the significant decrease in interest income over the past nine months. In addition the current review of PPFs by the Australian Government has led to a wait and see attitude by some of these organisations”.

“The results also indicate that sponsorship earnings have probably now reached a point of market maturity particularly in states such as NSW and Victoria. The exception is Western Australia which experienced a dramatic growth of 17% in sponsorship in 2008, although there have been some indications of slackening off this year. The companies that are most exposed are those with sponsorship contracts due for renewal at the end of the year.”

“Overall the results indicate how successful the companies have been at leveraging the Government subsidy that is provided. This subsidy is extremely important to a company but many people are unaware that it may only constitute 10% of a company’s turnover. The Government is getting a very good return on its investment with these major performing arts companies”.

MORE KEY FINDINGS:

Increase in philanthropic revenue

Philanthropic giving has more than doubled in the period 2004 – 2008 with a 119% increase, most of which was achieved in 2005 and 2007. In 2008 it was up $2 million or 11.2% from 2007, however increased philanthropic giving has not benefitted all companies equally. In 2007, 26 major performing arts companies reported increased earnings from this source, while in 2008 only 18 companies reported an increase.

Raising donation income is not without its cost. In 2008 $3.5 million was spent to raise donation income, an increase of 11.4% on 2007. The ratio of direct costs to total donation income has however remained static at 17.8%.

Corporate Sponsorship

Following two consecutive years of decline, there was a modest increase in corporate sponsorship, up $1.8M on 2007. While 19 of the 28 companies had a slight increase the strongest was felt in Western Australia.

Dance companies improved in corporate sponsorship compared to previous years, with an additional $1.1 million in 2008. Other art forms had only minimal growth.

In analysing data on the basis of turnover the medium sized companies, those with overall income of between $7.5 million and $15 million, report a 14% reliance on corporate sponsorship although the companies with turnover of less than $7.5 million have the greatest proportional reliance (66%) on sponsorship and are therefore potentially more vulnerable to economic downturn.

Music companies reported a return to similar levels of corporate sponsorship as in 2006 – around $11.8M - although it was dominated by the results of three of the 10 music companies.

State based analysis:

The combined sponsorship and donation income levels for the 10 **NSW** companies increased just $30K above 2007 results. Although some companies reported an overall increase in earnings this was offset by others who reported declining earnings. It has been particularly difficult for the companies to attract corporate sponsorship with only two in 10 companies being able to increase earnings from this source over a five year period. This is despite increased money spent by companies on raising sponsorship.

In **Victoria** the increase in revenues was largely from donations; rising 19.2% from $5.9 million in 2007 to $7.04 million. Only two of the six Victorian companies are earning more from corporate sponsorship compared to amounts reported in 2004.

All four **Western Australian** companies reported increased earnings in corporate sponsorship and donation income with sponsorship earnings increasing by 17.2%. Donation income was up $442,000 compared to 2007.

Queensland companies reported a five per cent decrease in both sponsorship and donations income compared to 2007. Despite this all four Queensland companies are earning more from both sponsorship and philanthropy than in 2004.

South Australian companies also collectively reported a decrease in earnings of $144,000 or 10%. Analysis over the five year period 2004 – 2008 reveals a compound average growth rate of -17.2% in South Australia.

AMPAG Background:

AMPAG is the umbrella group for the 28 major performing arts companies of Australia. Based in six states, the companies produce and present vibrant performance for Australian and international audiences in dance, drama, music, opera and circus.

Although most of the companies' revenue is from box office, corporate and private sources, they receive direct investment from the Federal and state governments.

MEDIA: a PDF of Key Findings is available on request.

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