



**TRACKING CHANGES IN CORPORATE SPONSORSHIP
AND DONATIONS 2017**

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1. EXECUTIVE SUMMARY

1.1 Total private sector earnings

- \$95.7 million—up \$12.6m / 15.2 per cent on 2015 results

Total private sector earnings made up 17.1 per cent of total earnings for Major Performing Arts companies. The 15.2 per cent growth in total private sector earnings was 4.9 per cent higher than the growth reported in total earnings of 10.3 per cent.

1.2 Donations

- \$54.5 million—up \$10.3m / 23.4 per cent on 2015 results

Donation income continues to increase at a faster rate than corporate sponsorships and drives the overall increase in private sector earnings. In 2016, donations made up 57 per cent of total private sector earnings compared to 25 per cent in 2011.

Donation income for individual companies is variable year on year, with individual companies often reporting substantial increases / decreases from year to year as a result of targeted fundraising campaigns, individual one-off donations, substantial bequests, etc.

In 2016, eight companies reported an increase in donation income greater than 20 per cent while eight companies reported earning less from this source compared to 2015.

- 43,485 individual donations—up 7,195 / 19.8 per cent on 2015 results

The consistent increase in the number of donations received reflects a broadening of the donor base across the sector. In 2012, major performing arts companies received 20,308 donations—less than half the 2016 result. It is this increase in the number of donations—rather than the amount donated—that is driving overall growth in private sector earnings.

- \$10.1 million spent / 18.6 per cent of total donation income—3.3 per cent improved efficiency on 2015 results

Even though major performing arts companies are employing more people to raise donation income—75.3 full-time equivalent (FTE) people / up 6.1 FTE on 2015 levels—the additional income raised is much greater than the added cost. Proportionally the increase in costs is lower than the increase in the total value of donations received.

1.3 Corporate sponsorships

- \$37.1 million—up \$0.9m / 2.4 per cent on 2015 levels

The reported increase in 2016 was slightly ahead of CPI (1.5 per cent) and built on solid increases reported in 2014 and 2015.

A clear trend away from cash sponsorship towards in-kind support has developed. Since 2001, cash sponsorship has increased by just \$5.7 million (a decline in real terms) and in-kind support has increased by \$9.5 million.

Cash sponsorship is more beneficial to major performing arts companies as it provides greater financial flexibility and is more readily quantifiable. However, attracting cash sponsorship from corporate Australia is becoming more difficult and expensive to service. In-kind support can provide real cost savings, but often takes the form of discretionary cost relief (i.e. costs that would not otherwise be incurred if not for the sponsorship).

- \$11.2 million spent / 30.3 per cent of total sponsorship income—1.7 per cent decline in efficiency on 2015 results

Major performing arts companies spent more on raising corporate sponsorship income (\$11.2m) than donation income (\$10.2m), but generated significantly less (\$36.9m compared to \$52.9m). The costs in servicing corporate sponsorships lie primarily in related benefits and not direct employee costs. In 2016, 54.2 FTE were employed to raise sponsorship income compared to 75.3 FTE to raise donation income.

1.4 Fundraising / event income

- \$4.1 million—up \$1.4m / 51.4 per cent on 2015 levels

Generally, NSW companies dominate fundraising / event income results. In 2016, nine NSW companies made up 86.5 per cent of the 2016 result. It is, however, notable that two South Australian companies held successful fundraising events in 2016—reporting strong results from this source for the first time.

1.5 State comparisons

Total private sector earnings

Summarised 2016 results compared to 2015:

<u>State</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
NSW	\$49.3 million	\$8.5 million	20.7 per cent
VIC	\$23.0 million	\$4.1 million	21.5 per cent
QLD	\$10.6 million	(\$0.3 million)	(2.6 per cent)
WA	\$9.6 million	\$0.3 million	3.0 per cent
SA/TAS	\$3.2 million	\$0.1 million	2.4 per cent

Victorian companies reported the largest proportionate increase of the sector—this was due to strong results in both donation and corporate sponsorship earnings. NSW companies also reported substantial growth due to increased donation income. Queensland was the only state to report an overall decline—due to a fall in donation income / normalisation in earnings following a sharp rise in 2015.

Donations

Summarised 2016 results compared to 2015 levels:

<u>State</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
NSW	\$31.3 million	\$7.8 million	33.4 per cent
VIC	\$13.3 million	\$2.4 million	21.9 per cent
QLD	\$5.4 million	(\$0.4 million)	(6.6 per cent)
WA	\$3.1 million	\$0.6 million	23.9 per cent
SA/TAS	\$1.5 million	(\$0.1 million)	(5.7 per cent)

Both NSW and Victorian companies reported strong growth and similar underlying trends. Both states had relatively widespread increases across most companies, and both reported one or two companies with particularly strong increases driving the overall result. It is notable that companies with the strongest increases were all large companies.

NSW and Victorian companies make up 87 per cent of the total number of donations made in 2016. As identified earlier, it is the volume of donations more than the amount donated that is driving overall increases in earnings from this source for the sector.

Both Queensland and South Australian / Tasmanian companies reported a decline in income from donations. Both states reported one company with strong recent growth experiencing decline in earnings in 2016. In the SA/Tas. case, the decline was due to a normalisation of earnings following a peak year. In relation to Queensland, the decline was an anomaly with earnings for 2017 expected to return to 2015 levels.

The reported increase in WA was due to widespread and consistent increases across all companies.

Corporate sponsorships

Summarised 2016 results compared to 2015 levels:

<u>State</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
NSW	\$14.5 million	(\$0.7 million)	(4.7 per cent)
VIC	\$9.4 million	\$1.6 million	21.2 per cent
QLD	\$5.2 million	\$0.1 million	2.1 per cent
WA	\$6.5 million	(\$0.2 million)	(2.7 per cent)
SA/TAS	\$1.6 million	\$0.0 million	1.3 per cent

Victorian companies reported the strongest growth from corporate sponsorship. It is notable that one company makes up three-quarters of this increase, and that this increase is due to very substantial growth in in-kind support.

NSW companies reported an overall decline in earnings from this source. The underlying data is volatile and symptomatic of a group operating within a mature market. Gains reported by some companies are more than offset by losses reported by other companies. Similarly, gains made in one year by a company are offset by losses in the next. In 2016, five companies reported earning less from corporate sponsorships—most appear to be due to the loss of one or two major sponsors.

WA companies also reported a decline in 2016. While this decline is most probably related to the general economic downturn in WA, it is interesting to note that two companies are forecasting a return to strong growth in 2017.

Both Queensland and South Australian / Tasmanian companies have reported only modest growth in 2016. Both report similar underlying trends—half the companies reporting increases are offset, but not completely, by the other half reporting decreases.

1.6 Art form comparisons

Total private sector earnings

Summarised 2016 results compared to 2015 levels:

<u>Art form</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
Dance	\$23.4 million	\$2.0 million	9.4 per cent
Music	\$33.0 million	\$4.0 million	13.9 per cent
Opera	\$14.2 million	\$3.9 million	38.0 per cent
Theatre	\$25.1 million	\$2.7 million	12.0 per cent

Dance and Opera results are due to the results of the dominant large companies in each of these art forms—i.e. The Australian Ballet and Opera Australia.

Theatre results are much more widespread with the majority of companies reporting increased levels of earnings compared to 2015.

Music companies have reported more volatile results—with four companies reporting strong increases, two companies reporting moderate to negligible increases, and four companies reporting a decline.

Donations

Summarised 2016 results compared to 2015 levels:

<u>Art form</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
Dance	\$13.0 million	\$1.0 million	8.8 per cent
Music	\$20.5 million	\$4.3 million	26.3 per cent
Opera	\$7.6 million	\$3.0 million	65.5 per cent
Theatre	\$13.5 million	\$2.0 million	17.9 per cent

Unlike the overall result, donation income for dance companies is a result of four of the five companies reporting modest to substantial increases. Opera results, on the other hand, are again dominated by the results of Opera Australia.

Music and theatre companies make up 83 per cent of the total number of donations made in 2016. The reported increases in these two art forms is therefore due to this widening of the donor base—a strategy that presents less risk / greater stability in income generation moving forward.

The increase reported by music companies is primarily a reflection of the results of three companies. The gains made by the other three companies are offset by the losses reported by the remaining four companies.

Theatre companies again report widespread / broad-based increases across the majority of companies. Only two of the twelve reporting companies reported earning less from this source—with both reporting only a small decline on 2015 levels.

Corporate sponsorships

Summarised 2016 results compared to 2015 levels:

<u>Art form</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
Dance	\$9.8 million	\$1.0 million	11.9 per cent
Music	\$11.4 million	(\$0.2 million)	(2.1 per cent)
Opera	\$5.3 million	\$0.1 million	2.5 per cent
Theatre	\$10.5 million	(\$0.0 million)	(0.5 per cent)

Dance company results are dominated by the results of The Australian Ballet. The overall results of all other art forms are essentially negligible, with The Australian Ballet result being the primary contributor to the overall reported increase of \$0.7m for the sector.

1.7 Company size comparisons¹

Total private sector earnings

Summarised 2016 results compared to 2015 levels:

<u>Size</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
Large	\$57.3 million	\$10.1 million	21.5 per cent
Medium	\$24.3 million	\$1.2 million	5.1 per cent
Small	\$14.1 million	\$1.3 million	10.1 per cent

Large companies' result is largely due to Opera Australia, Australian Chamber Orchestra and The Australian Ballet. These three companies make up over 75 per cent of the reported increase. Three other large companies reported relatively strong growth, with the remaining two reporting no change

Medium companies report a much more volatile picture with half the companies increasing earnings and half reporting a decline.

The small companies' increase is due to a more widespread / broad-based result—two have reported a decline and eight have reported increases, five substantially so.

Donations

Summarised 2016 results compared to 2015 levels:

<u>Size</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
Large	\$34.6 million	\$8.0 million	30.0 per cent
Medium	\$14.3 million	\$1.2 million	9.4 per cent
Small	\$5.7 million	\$1.1 million	25.3 per cent

Unlike the overall result, donation income for large companies is a result of six of the eight companies reporting substantial increases. One company reported earning less from donations in 2016 compared to 2015, and one reported only a modest increase.

¹ Companies are treated as 'large' if their turnover exceeded \$15m, 'medium' for companies with a turnover between \$8m and \$15m, and 'small', less than \$8m.

Medium companies reported a more volatile position with five companies reporting modest to substantial increases and five companies reporting a decline in earnings.

Small companies report more across-the-board increases—with eight of the ten companies generating more from this source when compared to 2015.

Corporate sponsorships

Summarised 2016 results compared to 2015 levels:

<u>Size</u>	<u>Earnings</u>	<u>\$ Change</u>	<u>% Change</u>
Large	\$20.0 million	\$1.0 million	5.0 per cent
Medium	\$9.1 million	(\$0.2 million)	(2.2 per cent)
Small	\$8.0 million	\$0.1 million	1.7 per cent

As reported under the art form analysis, the corporate sponsorship results are dominated by the results of The Australian Ballet.

Please see Appendix 2 for companies' category by state, size and artform.

Appendix 1

Research methodology

All 28 major performing arts companies responded to the 2017 survey.

The data analysis addresses the following questions in this report:

- Has total sponsorship and donations revenue increased over the period—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—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?
- 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 state², then art form and then by size. The research findings also include analysis by turnover³. In most cases, aggregate results and average results are provided.

Analysis of median results was also undertaken. The data analysis revealed there was no material difference in the median and average results—with the exception of NSW and Opera data. These groups were affected by results from Opera Australia.

Additional information relating to the cost of raising and servicing sponsorship and donations income is also presented. Companies were requested to provide related costs for 2006 to 2016 under the following categories:

- wages, salaries and on-costs
- provision of corporate tickets to sponsors
- other direct costs (which may include events, printing and production costs, and communications).

Companies were also asked to provide information on the number of full-time equivalent (FTE) staff employed to raise and service sponsorship and donations income.

The method for collecting data for this report has remained consistent over time. Companies complete the survey annually, providing financial and statistical data that is used to produce the total sector, state and art form results⁴. Each company is required to explain any financial information that deviates materially⁵ from results presented in their annual reports.

All companies that have included additional material beyond what is reported in their annual report figures have done so consistently year on year.

² Since only one company is reporting from Tasmania, no separate analysis of this state is provided in the report. This company has been included as part of South Australia's results for all state analysis.

³ Companies are treated as 'large', 'medium', and 'small' according to the size of their turnover (see Appendix 2).

⁴ Minor fluctuations in data from previous surveys may be noted due to differing reporting periods for two South Australian companies. One company has additionally corrected previously reported sponsorship income for 2015.

⁵ Materiality has been set at 10 per cent.

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Appendix 2

Major performing arts companies

Company	State	Artform	Turnover ⁶
Adelaide Symphony Orchestra	South Australia	Music	Medium
Australian Brandenburg Orchestra	New South Wales	Music	Small
Australian Chamber Orchestra	New South Wales	Music	Large
Bangarra Dance Theatre	New South Wales	Dance	Small
Bell Shakespeare Company	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	Medium
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	Medium
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
West 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, 16/17 forecast results have been included in the presented 2016 data.

⁶ Companies are treated as 'large' if their 2015 turnover exceeded \$15m, 'medium' for companies with a 2015 turnover between \$9m and \$15m, and 'small', less than \$9m. Companies are not reclassified every year to allow for year on year comparisons. Reclassification will next occur in the 2017 report with West Australian Ballet flagged to move into the medium company size.