



**Response to the Review of Private Sector Support for the Arts in Australia
Discussion Paper**

Submitted by

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COUNCIL OF AUSTRALASIAN MUSEUM DIRECTORS (CAMD)**

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COUNCIL OF AUSTRALASIAN MUSEUM DIRECTORS

Response to the *Review of Private Sector Support for the Arts in Australia*

INTRODUCTION

The Council of Australasian Museum Directors (CAMD) welcomes the *Review of Private Sector Support for the Arts in Australia* as an important opportunity to introduce changes to encourage business and philanthropic support, not only for artists and the arts but also for the broader cultural sector in Australia. The revisiting of the question of support for the cultural sector also raises issues which should inform the development of the National Cultural Policy. CAMD appreciates the opportunity to comment on the Discussion Paper provided and would like to make some initial general comments, followed by specific recommendations.

CAMD

The Council of Australasian Museum Directors (CAMD) brings together the leaders of the major national, state and regional museums in Australia and New Zealand (see appendix 1). The museums represented include natural science and social history museums, museum/art galleries, industry, technology and design collections, science centres, heritage houses and outdoor museum sites. In 2009-10 CAMD museums recorded over 14.5m visits to their 68 sites (see appendix 2).¹

SCOPE

The general choice of the terms ‘arts’ and ‘arts organisation’ to frame the review tends to preclude other practitioners and cultural organisations and institutions from consideration. Culture is more than just the visual and performing arts. It covers diverse and complex beliefs, traditions, memories, language, practices and knowledge. Museums make a strong contribution to national culture by collecting, preserving and interpreting the cultural memory of the nation. Straddling the arts/culture divide as they do, museums are significant collectors, preservers, interpreters and generators of forms of artistic expression. At the same time, they also encompass broader forms of cultural knowledge through exhibitions and programs which utilise their vast collections to educate, entertain and inspire Australians to new ways of thinking, creativity and invention.

¹ Results of ticket and other counts reported by members to the CAMD Annual Survey 2009-2010.

CAMD believes that the use of the term ‘cultural’ in preference to ‘arts’ is more than a question of semantics; collecting institutions and other forms of cultural endeavour are an integral part of Australia’s cultural life and this role should be identified and reflected in the support structures and oversight provided by Government at every level.

CAMD Recommendation 1: That the review utilise the broader term ‘cultural’ rather than ‘arts’ and consider the wider range of cultural practitioners, organisations and institutions in preparing its report.

CURRENT FUNDING ARRANGEMENTS

Museum Funding

Many of CAMD’s oldest member museums have their roots in generous philanthropic gestures made in the past, through the donations of collections and buildings and also of capital for financial support. The intention of these early philanthropists was to establish institutions where the public, through access to important cultural objects, would be educated and inspired.

CAMD museums wish to build on this legacy, and are committed to promoting civic engagement and institutional renewal by encouraging individuals and corporations to strengthen the national distributed collections for the benefit of all.

CAMD’s museums are major enterprises which draw their funding from a mixture of sources: some are national museums with federal funding, others are state based museums and some are funded either by local government or through their own income-generating activities. CAMD’s museums have worked hard to build additional income on the backs of their public funding. Around a third of CAMD’s member museums in Australia have statutory free admission although they may charge for special exhibitions. Others raise funds by charging for general admission, special exhibitions and some programs. Income is also raised through publications, shops, cafes and other associated enterprises.

The willingness of the public and corporate sector to give to museums has assisted them to refurbish exhibitions, launch research programs, retain their relevance and expand to meet new challenges such as the demands of the online environment. In the period 2008-09, thirteen CAMD museums had foundations which raised a total of \$2.8 million for their respective institutions and special projects; gifts, donations and bequests to a value of over \$17m were

received by CAMD's seventeen Australian museums (close to 4% of total income); museum volunteers contributed over 425,626 hours; and more than \$10m in in-kind support was provided by private and corporate supporters.²

Despite the best efforts of museums and their already well-developed approaches to potential donors and sponsors, however, at times the philanthropic efforts and interests of Australian cultural philanthropists sidestep this area of cultural giving. CAMD believes that there is need for work on the part of museums, on a collaborative level, to encourage the engagement of the community in giving to the cultural sector. To this end, it will consider at its next Annual General Meeting, the development of a project similar to the 'Private Giving for the Public Good' campaign lead by the National Museum Directors Conference (NMDC) in the United Kingdom for cultural organisations and institutions.³

Constraints

It should be noted that there are constraints in play when private sector support for cultural institutions such as museums is considered. Certain types of collections are considered more 'accessible' for philanthropy than others. While a long tradition of donations and bequests around galleries and art collections has been considered appropriate by the broader community, institutions which commemorate, such as the Australian War Memorial, are usually seen as a subject more appropriate for Government funding. Private sponsorship of these and other sensitive programs is seen as unacceptable by the wider community. Other museums contain exhibitions which, in their attempt to cover a variety of sometimes conflicting national stories, prove controversial and possibly divisive to would-be corporate sponsors and supporters. Finally, museums are seen by many as trusted sources of knowledge which operate independently from other power structures within the community. Museums considering sponsorship and other forms of private or corporate philanthropy must carefully consider the impact of this form of giving on their reputation with the community for independent and unaligned expertise.

Another challenge which should be noted is that the gaining of private sector support can be an expensive exercise for museums. Those museums and galleries that are most successful at gaining support have dedicated officers working in this area; substantial results rely on a long-term strategy, based on years of cultivating relationships. This type of commitment can be expensive and draw staff away from the institution's core activities.

² CAMD Annual Survey 2008-08

³ See <http://www.nationalmuseums.org.uk/what-we-do/economic-sustainability/philanthropy/>

Current Government Measures

Australia Council/ArtSupport

While the majority of CAMD's Australian members lead museums funded by Federal or State and Territory Arts Departments, they receive no funding or assistance from other arts bodies such as the Australia Council and programs such as ArtSupport unless funding is sought for art-based activities.

AbaF

A similar situation exists in relation to the Australia Business Arts Foundation (AbaF). While AbaF has assisted museums in the past, there is a general perception that its focus and interest lies with artists, visual arts organisations and the performing arts. This is generally reinforced by its case studies, publications and award recipients. CAMD museums have been advised by staff, in relation to specific projects, that their institutions do not fall within AbaF's 'arts' remit. The AbaF Cultural Fund is also perceived as servicing artists and their organisations only.

Philanthropy Australia

Museums have commented that Philanthropy Australia is a useful resource for grant-seekers through Associate Membership. Philanthropy Australia provides excellent support to Private Ancillary Funds through education and resources, runs special interest groups for like-minded philanthropists and also contributes educational information to the sector generally.

Cultural Gifts Program

CAMD members have been grateful recipients of support through the Cultural Gifts Program. In 2007-08, 4,229 items to the value of \$3.5m were acquired by CAMD museums through this program. The following year, 15 CAMD member institutions acquired over 5,281 objects (to the value of \$1.5m) under its aegis. It should also be noted that in 2008–09 a further 148,907 objects were donated to these museums outside the Cultural Gifts Program.

Private Ancillary Funds

The establishment of Private Ancillary Funds (PAFs) has encouraged individual philanthropy, however, the lack of publicly available contact information (which is the wish of some philanthropists) is a barrier to accessing these funds. Some balance needs to be struck in relation to the need for information.

Public museums (and art galleries and libraries) are generally not included on the Register of Cultural Organisations as they are approved by the Australian Taxation Office under another

Deductible Gift Recipient category. Once an organisation has been endorsed as a Deductible Gift Recipient, it can receive donations from both individuals and Private Ancillary Funds (PAFs) and the administration of tax deductibility is simple for both parties. CAMD museums, however, while they have 'deductible gift recipient status', are often not eligible for 'charitable organisation' status. This can be an impediment as some foundations are set up to give money only to charitable organisations as these draw greater tax benefits.

CAMD Recommendation 2: That the review explore the possibility of regularising the definition of 'charitable organisations' to enable cultural institutions to further access philanthropic funds.

CAMD would also like to note its concern that the establishment of the Australian Charities and Not-for-profits Commission (ACNC) (the national regulator in place from 1 July 2012) could result in changes in the regulatory framework which may affect some organisations in the cultural sector. In particular, the proposal that 'unrelated' commercial activities, undertaken by charitable institutions as part of their revenue generation to fund their main causes, may now be subject to income tax. By limiting taxation benefits, this proposal will be a direct threat to the independence and viability of many organisations operating in this sector and will result in further crowding into the philanthropic space to seek replacement funding.

Suggested Incentives

Matched Funding

There are opportunities for government to assist in this area. Instead of the current disincentives of efficiency dividends levied on the earnings of cultural organisations, the Government should consider rewarding organisations and institutions with matched government funding if they succeed in increasing the income they derive from private giving. This willingness on the part of government also sends a message of interest in and support for the cultural sector, which would be well-regarded by the private sector. For this reason it is also important that any matched funding arrangements are well publicised.

CAMD Recommendation 3: That the review explores the potential to offer further programs of matched funding for projects to encourage private sector contributions.

Gift Aid

A specific measure that could be examined by the Review for recommendation to the Australian Government is the Gift Aid scheme that has proven a great success in the United Kingdom (UK),

and which is currently being examined by the New Zealand government.⁴ The scheme has been amended over the years but in its simplest form it allows the cultural institution to retain the tax benefit on a gift or donation (such as for entry) made to it by a visitor. This means the institution receives a greater cash donation without any changes in giving levels. In the UK, where it has been in place for twenty years, gift aid tax relief has added at least 20% to the value of donations to charities. In 2009/10 charities in the UK claimed more than \$1 billion in gift aid tax relief on donations from individuals alone.⁵

This scheme provides a very simple way for a strong cash flow to be created from as wide a supporter base in the public as possible. In particular, Gift Aid:

- Is a tax effective giving mechanism accessible to all taxpayers, irrespective of their income level or tax rate;
- draws from people who by their very attendance at museums and galleries have indicated they are supporters;
- has spread the practice of philanthropic support for organisations with charitable objectives throughout the tax-paying population, not just the wealthy;
- involves minimal paperwork; and
- grows a membership base for the organisations involved.

Several caveats, however, should be noted. If Gift Aid is to be adopted a robust definition of what an organisation's aims are in order to qualify is required. It should encompass all cultural organisations and institutions as well as charities. The scheme has also been criticised for being too complex for smaller cultural organisations to manage. It should be kept as simple as possible to ensure that they are able to administer its application.

Gift aid maximises the value of current donations, encourages increased and new giving, and helps create a wider culture of philanthropy. We would recommend that the Government consider its introduction in Australia.

CAMD Recommendation 4: That the review recommend to the Australian Government the adoption of Gift Aid to benefit cultural organisations.

⁴ See *Growing the Pie: Increasing the level of cultural philanthropy in Aotearoa New Zealand* 2010 (http://www.mch.govt.nz/files/Cultural%20Philanthropy%20Dec_0.pdf)

⁵ *Growing the Pie*, p.13

Promoting private giving

CAMD also believes that the Government could be doing more to encourage a culture change in attitudes to private and corporate giving to cultural organisations in Australia.

CAMD Recommendation 4: That the review recommend to the Australian Government that it develop a long term program to:

- (i) promote existing and future tax incentives such as Gift Aid;
- (ii) recognise and value the generosity of philanthropists and corporations in publications, the media, online and in other forums;
- (iii) provide advice, master classes and mentoring support for all cultural organisations in building philanthropic relationships;
- (iv) develop education programs to teach children in schools about the importance of philanthropy and build philanthropy into the future; and
- (v) assist a public campaign led by cultural organisations designed to encourage giving to the cultural sector.

In conclusion, CAMD wishes to confirm that its response above should not be seen as in any way suggesting that State funding of cultural organisations should be replaced with private support. Public funding is a statement of Government commitment to and belief in the value of Australia's cultural life. This support, which treats culture as an essential part of the public realm, is essential to the continuation of most cultural organisations. The strengthening of the concept of public giving to cultural organisations, in partnership with the Government will enhance and invigorate the cultural sector but also enlarge the whole of society.

CAMD would be pleased to provide further evidence to the review to clarify or expand on any of the content in the above response. If further information is required please contact

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Attachment I

COUNCIL OF AUSTRALASIAN MUSEUM DIRECTORS MEMBERSHIP 2011

Mr Pierre Arpin

Director
Museum and Art Gallery of the Northern Territory

Ms Margaret Anderson

Chair, CAMD

Director
History SA

Mr Bill Bleathman

CAMD Executive Member

Director
Tasmanian Museum and Art Gallery

Mr Alan Brien

Chief Executive Officer
Scitech Discovery Centre, Perth

Dr Dawn Casey

CAMD Executive Member

Director
Museum of Applied Arts and Sciences
(Powerhouse Museum)

Ms Kate Clark

Director
Historic Houses Trust of NSW

Mr Alec Coles

Chief Executive Officer
Western Australian Museum

Professor Graham Durant

Director, Questacon – National Science and Technology Centre

Dr J. Patrick Greene OBE

CAMD Executive Member

Chief Executive Officer
Museum Victoria

Major General Steve Gower AO

AO MIL
Director
Australian War Memorial

Mr Michael Houlihan

Chief Executive
Museum of New Zealand Te Papa Tongarewa

Mr Frank Howarth

CAMD Executive Member

Director
Australian Museum

Mr Jeremy Johnson

CAMD Treasurer

Chief Executive Officer,
Sovereign Hill Museums Association

Sir Don McKinnon

A/Director
Auckland War Memorial Museum

Dr Suzanne Miller

Director
South Australian Museum

Mr Richard Mulvaney

Director
Queen Victoria Museum and Gallery

Dr Ian Galloway
Director
Queensland Museum

Mr Andrew Sayers
Director,
National Museum of Australia

Ms Mary-Louise Williams
Director
Australian National Maritime Museum

Mr Shimrath Paul
CAMD Executive Member
Chief Executive
Otago Museum and Discovery World

Mr Tony Sweeney
Chief Executive Officer
Australian Centre for the Moving Image

Mr Anthony Wright
Director
Canterbury Museum

Attachment 2.



CAMD Museum Sites

- **Auckland War Memorial Museum**, Auckland
- **Australian Centre for the Moving Image**, Melbourne
- **Australian National Maritime Museum**, Sydney
 - Wharf 7 Maritime Heritage Centre, Sydney
- **Australian War Memorial**, Canberra
- **Australian Museum**, Sydney
- **Canterbury Museum**, Christchurch
- **Historic Houses Trust of NSW**
 - Elizabeth Bay House, Sydney
 - Elizabeth Farm, Sydney
 - Government House, Sydney
 - Hyde Park Barracks Museum, Sydney
 - Justice & Police Museum, Sydney
 - Meroogal, Nowra
 - Museum of Sydney, Sydney
 - Rose Seidler House, Sydney
 - Rouse Hill Estate, Sydney
 - Susannah Place Museum, Sydney
 - Vaucluse House, Sydney
 - The Mint, Sydney
- **History SA**
 - History Trust of South Australia, Adelaide
 - National Motor Museum, Birdwood
 - South Australian Maritime Museum, Port Adelaide
 - Migration Museum, Adelaide
 - Queen's Theatre, Adelaide

- **Museum of New Zealand Te Papa Tongarewa**
 - Museum of New Zealand Te Papa Tongarewa, Wellington
 - Te Papa Tory Street (Research facility & library), Wellington

- **Museums and Art Galleries of the Northern Territory**
 - Bullock Point, Darwin
 - Fannie Bay Gaol, Darwin
 - Lyons Cottage, Darwin
 - Australian Pearling Exhibition, Darwin
 - Museum of Central Australia, Alice Springs
 - Connellan Hangar, Alice Springs
 - Kookaburra Memorial, Alice Springs

- **Museum Victoria**
 - Melbourne Museum, Melbourne
 - Scienceworks Museum, Melbourne
 - Immigration Museum, Melbourne
 - Royal Exhibition Building, Melbourne

- **National Museum of Australia**, Canberra

- **Questacon – The National Science and Technology Centre** , Canberra

- **Otago Museum and Discovery World**, Dunedin

- **Museum of Applied Arts and Sciences**
 - Powerhouse Museum
 - Sydney Observatory

- **Queensland Museum**
 - Queensland Museum South Bank
 - Museum of Tropical Queensland, Townsville
 - Cobb & Co Museum, Toowoomba
 - Woodworks, the Forestry and Timber Museum, Gympie
 - Lands Mapping & Surveying Museum
 - The Workshops Rail Museum, Ipswich

- **Queen Victoria Museum and Art Gallery**
 - Inveresk
 - Royal Park, Launceston

- **Scitech Discovery Centre, Perth**

- **South Australian Museum**
 - South Australian Museum, Adelaide

- South Australian Museum Science Centre, Adelaide
- **The Sovereign Hill Museums Association**
 - Sovereign Hill, Ballarat
 - Gold Museum, Ballarat
 - Narmbool, Elaine
- **Tasmanian Museum and Art Gallery**
 - Tasmanian Museum and Art Gallery, Hobart
 - Moonah Complex, Hobart
 - Tasmanian Herbarium, Hobart
 - Rosny Research and Collections Centre, Hobart
- **Western Australian Museum**
 - Western Australian Museum, Perth
 - Western Australian Museums Kalgoorlie-Boulder
 - Western Australian Museum Albany
 - Western Australian Museum Geraldton
 - Fremantle History Museum
 - Western Australian Maritime Museum, Fremantle
 - Western Australian Shipwreck Galleries
 - Samson House, Fremantle