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Private Sector Support Review Team
Office for the Arts
Department of Prime Minister and Cabinet
GPO Box 787
Canberra ACT 2601

Dear Members of the Private Sector Support Review Team

REVIEW OF PRIVATE SECTOR SUPPORT OF THE ARTS IN AUSTRALIA

CAL congratulates the Federal Government on publishing this discussion paper and understands that this review is part of the development and implementation of a National Cultural Policy.

About CAL

CAL is a member owned not-for-profit organisation founded by Australia's authors and publishers in 1974 in response to the increased reliance on photocopying by teachers to supply their students with quality content in classrooms. This reliance on photocopying meant that the education sector – whether through classroom purchase by schools, or individual purchase by students – was no longer buying copies of published works.

This disruption to the market for publications led to litigation in the High Court which confirmed authors' and publishers' rights in their works. Following this judgment, the Australian Government recognised the benefits in permitting the use of photocopying technology, but that authors, artists and publishers had to be remunerated for use of their works. A statutory licence was developed to meet these two needs. The Statutory Licence provides access to the education sector (later extended to Government bodies and also to cover digital use) on the basis that remuneration is paid through CAL as the declared collecting society back to the creators and publishers whose works are used.

CAL is now an organisation with a membership of more than 20,000 Australian authors, artists and publishers. We collect and pay over \$120 million per year back to the creative community for use of their work and to reinvest into the creation of new quality content. While the majority of CAL's licensing revenue is from the educational sector, we also collect licensing fees for government use and from the corporate sector.

About CAL's Cultural Fund

As CAL was being formed, its Board (representing Australian authors and publishers), determined to set aside part of CAL's licensing revenue to establish the

CAL Cultural Fund. The Cultural Fund allocation is 1.5% of CAL's licence fees which would otherwise be paid to individual CAL members as part of their revenue for use of their works.

As the majority of CAL's licensing revenue is from the educational sector where our members' works are most extensively copied and digitally used, there is a desire that a component of the Cultural Fund be used to support projects within the education sector – through funding author and artist residencies, student internships, and in other ways bringing CAL's members (authors, artists and publishers) into school and university settings to undertake projects that might not otherwise be possible. For CAL, the link between the arts and education is fundamental, and therefore providing philanthropic support for new initiatives in this area is natural and logical.

Some examples of projects CAL has supported in the education sector include:

- E:lit, the primary English teachers association: to engage six of Australia's best children's book authors to run mentoring workshop sessions with school children. This is now being run online which enables the program to be delivered into classrooms in remote and regional areas which would normally miss out on such opportunities;
- UTS: to run writer-in-residence programs with two of Australia's most esteemed authors, and to engage a Chair of Poetry who is an accomplished Australian poet;
- 'Scattered Bones' program: an author in association with the Bathurst Minerals and Fossils Museum run the program which uses holdings from the museum as a method of engaging boys from rural NSW with low literacy levels with writing and reading. This is run in collaboration with the Department of Education.

The main CAL Cultural Fund supports projects and initiatives which aim to improve the environment in which Australia's authors, artists and publishers create their works. This support takes many forms, such as:

- Skills development programs run by industry organisations (i.e. the Australian Publishing Association run internships program, the Australian Society of Authors' mentorship and training programs, the National Association for the Visual Arts training program);
- Residencies/ fellowships run at educational and cultural institutions where authors and artists are given time and money to work on their creative projects, often in return for mentoring students and giving public lectures for the community;
- Prizes and awards which celebrate the achievements of Australia's best authors, artists and publishers;

- Projects which assist in developing the profile of Australian works in Australia and into foreign countries to build the marketplace for Australian works.

In 2010/11 CAL's Cultural Fund supported 127 projects, with total allocations worth over \$3.4 million.

As a subset of the Cultural Fund, CAL's Board established an annual \$150,000 Creative Industries Career Fund which provides funding of up to \$5,000 for an individual to undertake an activity which develops their professional skills for their career in the publishing or visual arts sectors. The Fund was opened up to everyone in the publishing and visual arts sectors in 2009, not just publishers or authors, in recognition that many parties play a role in these areas.

CAL's Cultural Fund is a philanthropic trust which services our sectors of the arts community: publishing and the visual arts. We have developed our own approach to running the Cultural Fund as a smaller fund not bound by some of the regulatory and administrative constraints by which some other funds are bound. CAL's Cultural Fund seeks to be as administratively simple as possible for applicants and recipients of funding. The Cultural Fund also seeks to maintain a level of flexibility and agility in what it supports so that it can respond to applications which are consistent with the broader objectives of the fund. We know from communication with applicants and other stakeholders in our field that this flexibility is one of its great attractions.

The CAL Cultural Fund enjoys strong industry representation through the CAL Board which includes prominent author, publisher and visual artist members who determine the strategic direction the Fund will take, along with ultimate decision making power over the individual grants that are made.

In addition to the direct benefit that is derived through funding specific projects, the CAL Board sees the Cultural Fund deduction of 1.5% of revenue as a model to encourage other Australian corporations and organisations into arts philanthropy.

Key Discussion Questions in the Discussion Paper

We address the Key Discussion Questions as outlined in the Discussion Paper for which we have specific comment.

- 3. Is there sufficient information about existing government mechanisms and programs on the various ways in which individuals, families and businesses can support the arts?***
- 4. Is there sufficient distinction between the roles of various federal agencies that provide assistance and advice with respect to private sector support for the arts? What is working well and what can be improved?***

CAL submits that information across all the areas identified in the discussion paper would benefit from greater public awareness. From communication with our stakeholders it is clear that many are not aware of existing government

schemes for private support of the arts, or are unclear about how different elements or bodies interact.

6. *Are Australian arts organisations equipped to seek and to receive support from the private sector? Is government assisting in this process?*

CAL's Cultural Fund supports many organisations in the publishing and visual arts areas. Apart from advertising the existence of the CAL Cultural Fund, CAL is also proactively seeking out applications from specific cultural and educational institutions we believe would want to obtain funding for projects consistent with our funding objectives.

CAL is aware of the positive role played by the Artsupport division of the Australia Council as they have shepherded various successful arts organisation applicants towards CAL.

8. *Are there any areas that can be strengthened or improvements that could be made to current Australian Government measures aimed at facilitating private sector support for the arts? Please outline any suggested changes.*

- a. financial giving**
- b. cultural good donations**
- c. sponsorship**
- d. volunteering**

CAL submits that greater awareness of some of the government incentives to facilitate private sector support for the arts, especially in the form of tax deductions, may lead to greater private sector giving to the arts.

In addition, a mechanism for allowing cultural philanthropy to attract the same benefits as gifts to registered cultural organisations to a broader range of organisations would encourage greater private philanthropy for the arts. For instance, CAL would find it difficult under current regulations relating to charities or to be a registered cultural organisation for the purpose of our members and others contributing to the CAL Cultural Fund beyond the deduction already made by the CAL Board of 1.5%. A number have expressed a great desire to provide additional contributions, if there were some tax incentive to do so – with many believing so passionately about the value of the arts to our nation's wellbeing and identity.

In relation to sponsorship, CAL is well aware of the benefit of closer connections between the CAL Cultural Fund and the projects it supports: where we can partner with recipients, this is our preference. In some instances CAL is able to offer in-kind support in addition to any monetary donation that will assist an organisation, and in any circumstance sees the relationship extending beyond marketing benefits to a more coherent and lasting connection.

For the publishing industry, which is at a critical juncture in terms of digital technology and commerce, Australian corporations and individuals could make a palpable contribution through supporting technological and marketing innovation. This would assist Australian authors and publishers to build their profile and economic base in the nascent digital market place for their works.

Future Directions

9. *What is unique about philanthropy for the arts sector? Does Australia require arts-specific measures?*

CAL submits that expression through intellectual and creative activity for any nation is central to identity, cultural diversity and social cohesion. The cultural wealth of the nation in these terms is vital, but given proper support plays an important role in the economic strength of the nation. These economic benefits are most obviously expressed as export markets for Australia's unique cultural output, as well as complementing Australia's other trade ties, where the arts can showcase a personal face of Australia. Unique Australian cultural expression is also an integral part of the education of Australians at all stages – from building the foundation blocks of literacy through to obtaining tertiary and technical training to equip our nation for the present and the future.

Australian cultural content, especially in the visual arts and publishing industries with which CAL is most closely aligned, is central to Australia's identity. However, with Australia's relatively small population, for the arts industries to be self-sustaining, they need to develop foreign markets. Corporations can play a role (as CAL's Cultural Fund does) through the support of initiatives that will assist in building the profile of Australian works internationally.

For these reasons, philanthropy in the arts should be a natural and desired area for the corporate sector of Australia to pursue.

CAL submits that some areas for consideration for arts-specific measures in the private philanthropy area include:

- Building greater awareness of the arts' contribution to Australia's culture and economy and raising awareness of the arts as a core resource to the education sector;
- Core funding to arts organisations for administrative and other basic overhead costs. Such support may be in the form of tax deductions for corporate donation of accommodation within real estate holdings/ property portfolios; or the provision of discount on no-interest loans. This is a concern common to a number of CAL's stakeholders;
- Mechanisms to encourage corporate philanthropy which will assist in the development of export markets for Australian cultural content, including technical expertise and knowledge sharing.

- 10. Are there any new approaches or models that could be considered in the Australian setting to encourage increased private sector support for the arts in Australia? Have these measures been implemented successfully in another country or jurisdiction?**
- a. financial giving**
 - b. cultural good donations**
 - c. sponsorship**
 - d. volunteering**

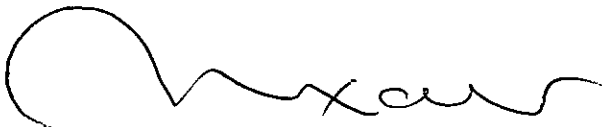
As mentioned in response to Question 8, CAL suggests that revision of the terms on which private benefactors can derive tax deductions for philanthropy to the arts should be reviewed, and extended to capture a broader array of opportunities for donation to the arts.

Conclusion

CAL is grateful for the opportunity to provide comment on the Discussion Paper for the review of private sector support of the arts. Should you require any further information about CAL or CAL's Cultural Fund, please do not hesitate to contact me, or CAL's Cultural Fund Manager, Zoë Rodriguez.

We recognise that funding for the arts in Australia will necessarily require a multi-faceted approach which combines public and private funding. The private sector – whether corporate or domestic – should be encouraged to greater philanthropy in the arts sector. The benefits will be an enriched and engaged community, culturally and economically.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jim Alexander', with a large, sweeping initial 'J'.

Jim Alexander
Chief Executive