

Business and the Arts: What's In It For Us?



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Thank you Imre for your kind words. Hearing you describe me brings to mind the words of Lily Tomlin who once said, "I always wanted to be somebody, but now I realize I should have been more specific".

Thank you also to Katharine Brisbane and Malcolm Duncan from Currency House for having me here today. The establishment of Currency House has provided a forum for the exchange of ideas which is essential if we, as a community, are to have a vibrant arts sector.

As you are now all aware, I am an investment banker (and ex-lawyer) with an interest in the arts. Moreover, I am engaged in the arts, both as a patron and consumer and by way of involvement at board level with several arts organizations.

I have been asked to speak to you about the relationship between business and the arts: what the arts can do for business, what the hazards (and rewards) are of becoming an advocate for the arts to business and government, and how to go about it. Which arguments are effective? How much do you need to know? How do you talk about the arts?

But before those issues are examined, it's important to ask: why support the arts at all? Let me try to answer that question: the arts enriches our experience of life, adds a different perspective, reaches and touches our emotional core, enlivens and enlightens our lives. To me and to many of you here today, this is self-evident. But it is not obvious to everyone. So the constant challenge for those engaged in the arts, as practitioners and supporters, is to articulate this case and to encourage dialogue between the arts and business, explaining "what's in it" for them, which is the topic I have been asked to address today.

However, it is not possible to talk about the role of business without examining the role of government in relation to the arts, and also the vital role of philanthropy.

Government is now looking more and more to the private sector to work in partnership with it – in all sectors, not just the arts. For the arts, this means there is a crucial role to be played by the Australia Business Arts Foundation (AbaF), whose role it is to foster a relationship and mutual understanding between business and the arts. And also for Artsupport Australia, the newer arm of the Australia Council which promotes the arts in the philanthropic arena.

It needs to be recognized that, given the vast array of responsibilities governments have, it is easy for the arts to be overlooked, or not be seen as the highest priority. Within every government are Members of Parliament representing the full range of human need and enterprise, from disability pensioners to farmers to industry. And they all go to government with cap in hand.

Therefore, we need good arts ministers who have political capital and are prepared to expend it in support for the arts. We have certainly had this in our Federal Government over the past ten years, including from Richard Alston, Peter McGauran and especially Rod Kemp, whose strategy of building a strong case and sheer persistence got results. We have been fortunate, too, to have had other advocates for the arts within Federal Cabinet. I have no doubt that the current team of Helen Coonan and George Brandis will continue to provide the required leadership within the Government.

Similarly, business people and philanthropists who support the arts need to transmit to government that support for the arts is both critical and appreciated. In an interview as he stepped down from the Australia Council, David Gonski said that people who go on arts boards should have something to offer them. Influence in government circles is one of those things, but is only useful if it is exercised. There are certainly some business people who do this, but plenty who don't. Those that have done so successfully have done so by making a clear and considered case to government, rather than an emotional plea.

So what does government want? Please note that I am talking about government in a generic way here, because it is plain to me that both Federal and State Governments, Coalition and Labor, are now the same in this regard. Governments want outcomes and they want partnerships, and business has a role to play in achieving both of these.

No government will accept money being thrown into a black hole with no strings attached. Rightly, it requires transparency and accountability from agencies and grant recipients. It also wants to see recipients be responsive to the changing needs of their audiences or patrons and to have a plan for sustainability that does not just rely on continued and unquestioned government support.

Governments, in turn, are accountable to voters and to taxpayers, so they need to be equipped to say to them: we are spending your money wisely, on valuable projects and prudently.

As far as possible – and this is not as easy for some arts organizations as for others – government wants to be able to give a “leg up”, to help an organization or individual to a certain point, but for the recipient to then reach a position in which it is not completely reliant on government support.

Artbank, the Federal Government's art rental scheme (of which I am Chair), is a good example of this. Artbank's mission is to support emerging artists. It operates on the principle of the Chinese proverb: “Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime”.

The best way to support artists is to buy their work and to show it. Artists want their work to be seen and appreciated, as well as purchased, so this not only satisfies that desire, but can lead to increased interest in and further sales of their work.

So this is what Artbank does. It buys art from the primary market (that is, new work that has not been sold before) so that the artist benefits financially. Then it rents this art to overseas missions, government departments, businesses and even individuals, where it is seen and enjoyed and discussed. The proceeds of the rent are then invested in the purchase of new work. Established in 1980 and now with a collection of more than 9,000 works of art, in the last financial year Artbank spent more than \$600,000 on new Australian art. This makes a significant impact on the lives and careers of a large number of emerging artists each year.

As mentioned earlier, this level of sustainability is not going to be possible in all art forms. Performing arts companies, in particular, need a level of government subsidy to ensure their ongoing viability and to prevent ticket prices being a barrier for audiences.

In order to get the ongoing support of governments, arts practitioners, administrators and supporters need to bring governments onside. This means recognizing where governments have got it right and saying so, publicly and directly to government.

And it means being proactive. The arts sector has a lot to learn about lobbying government. Senior arts figures have complained that 'elite' in sport is seen as a good thing, but in the arts is derided. The reason, perhaps, is that the community at large is actively invited and encouraged to be part of elite sports, by being spectators and supporters. In the arts, whether intentionally or not, elite often comes across as exclusive. Don't assume everyone knows the plot of King Lear, or even that it is a play by Shakespeare. Many arts companies are working to overcome this by conducting explanatory programs alongside their performances. But more can be done to attract broader audiences and, therefore, broader community and government support for the arts.

Furthermore, representatives of the arts should actively engage with government at all levels: the Australia Council, the Arts Department, Government Ministers and their staff, and not just the Arts Ministers, but other Ministers, their staff and departments, and members of the backbench, whose general goodwill and interest can affect outcomes.

And, like all good lobbyists, the arts and its supporters in business should enlist the support of oppositions, too.

The arts need bipartisan support. Peter Garrett has made a number of constructive and valuable contributions to arts policy in his short time as Opposition Spokesman for the Arts. And, while it is perfectly reasonable and appropriate for an Opposition to criticize where criticism is warranted, and to put forward alternative policies and priorities, I wonder whether or not he was being light-hearted when he said in a speech last September that the current Government is full of "philistines"?

In that speech, Mr Garrett complained that no senior member of the Government had recently, "stood up, hand on heart, and declared their strong support and unbridled enthusiasm for Australian art and culture". He is, of course, entitled to his opinion. But he didn't acknowledge in his comments that numerous new programs had been introduced and boosts to existing funding had been made across the full spectrum of the arts under this Government. I understand politics. But how is it helpful not to acknowledge – however much more needs to be done – that much has been done? This reinforces the position of critics of the arts, rather than promoting the case for support of the arts; which seems to me to be the primary role of both Government and Opposition in the arts portfolio and should be done without further alienating those who are indifferent or even antagonistic towards the arts.

Mr Garrett also claimed in his speech that the aim of the political 'right' is, "to reinforce the notion that somehow the arts is elitist and not important to Australians".

In the long run, it helps neither side of politics to portray passion as belonging to the 'left' and pragmatism as belonging to the 'right'. It is also wrong to claim that the 'right' does not support the arts. Sure, there are some commentators identified with the 'right' who question some or all arts funding. But there are some on the 'left' who do, too. But, as you would expect, there are many on both sides who support and participate in the arts.

In this vein, I found myself being branded when my appointment to the Australia Council was announced. The announcement was made at the same time as the appointment of Imre Salusinsky, and another appointment to the ABC Board, which was regarded by the media as controversial. The result of this was that the only mention in the press of my appointment was in an article by Michelle Grattan, in which she described me in two ways: as a friend of Federal Treasurer, Peter Costello, and a member of the board of the Sydney Institute. In other words, I,

too, was a cultural warrior from the right. She didn't speak to me or to the Arts Minister to ask why I had been appointed and she didn't mention that I have some skills and experience to offer - not to mention a track record of involvement and interest in the arts, which might make me suitable for the role - or that my first Federal Government appointment was, in fact, made by the Labor Government.

There is another detrimental result of this politicization of the arts: it alienates those in business and the broader community who don't share the dominant 'left' politics. And this means that people who would otherwise be advocates for the arts are disinclined to be. Once it can be accepted that the arts are not the preserve of either end of the political spectrum, it is then possible to enlist them to actively support and promote the arts, to and within government and, equally importantly, to and within business.

Therefore, keeping in mind that support for the arts should be the common goal of those on both sides of the political divide, I would make a plea for bipartisanship where possible, and positive and constructive criticism where it is not.

As for art itself, all art is, in a sense, political because it deals in essence with the human condition. But overtly political art is transient. Enduring commentary about the human condition is more effectively delivered without reference to contemporary events. Audiences are smart enough to make connections to contemporary politics themselves, where they see it as relevant.

There seems to be a misconception that if government doesn't fund something, it won't or even can't happen. This is a mindset the arts should not fall into. Governments have a right, on behalf of the taxpayers who are financing their endeavours, to have some input into what they are funding.

By saying this, I am not advocating a right on the part of governments to control the content of what they fund. Indeed, in a recent interview, newly appointed Arts Minister, George Brandis said, "I have a strong prejudice in favour of freedom of speech, which, of course, includes freedom of artistic expression.... But to acknowledge the existence of that right is not to endorse or express approval of the manner in which that freedom is used".

These views are, of course, views widely accepted in our community and, therefore, among business people, too. And while there are similarities between government and business funding of the arts, such as the need for a case for funding to be made, and the need for accountability, business can, will and should be selective in the programs it supports and organizations with which it forms partnerships, because the very nature of such partnerships is based largely on reputational issues.

The private sector's role, of course, can take the form of sponsorship - most often what business engages in, especially in relation to the arts - and philanthropy, usually the preserve of private individuals, families and trusts. The Federal Government has assisted in both of these areas for the arts (and for other not-for-profit sectors) with changes to taxation laws and the establishment of bodies to enable arts organizations to actively tap into these resources.

From a business perspective, its involvement has to be appropriate, according to its current goals and expertise, and its capacity to contribute. And let's be clear: businesses have every right to need to justify their outgoings, whether it be money or time. Every business has an obligation to be profitable. Profits are what enable businesses to grow and provide more employment and they are also the pool of funds out of which they can contribute to the community, including the arts.

While businesses, especially big businesses, have strategic plans with stated goals and their sponsorship deals have to fit in with those, they are also made up of individuals with their own interests and preferences. Sometimes, a CEO or senior executive has a particular passion for an art form and will lead his company into a partnership with an arts organization. More often, arts organizations are dealing with a sponsorship manager who is working with a company policy and marketing plan and who needs to justify his or her decision to superiors and provide evidence it is the right one for that company.

The challenge for the arts, then, is to be able to tap into this – to find out the goals of businesses and identify who within them is going to see the benefit in a partnership with the arts. And, once established, that relationship needs to be nurtured.

AbaF has brought increased professionalism to sponsorship in the arts and created a culture of acknowledgement and appreciation for the business sector's sponsorship of the arts. With the exception of the major companies and state galleries and museums that can afford dedicated marketing and sponsorship staff, arts organizations have not had the resources or expertise to do this well in the past.

By promoting examples of successful sponsorship arrangements (from both the business and arts perspectives), AbaF provides encouragement and inspiration for others to engage in this way. In particular, AbaF is helping smaller businesses – not just the big public corporations – to recognize that they can engage in beneficial partnerships with arts organizations.

It has also fostered the relationship between the two sectors by giving each a better understanding of what the other wants and needs. This process of education is ongoing, as people move through organizations and contact is made with businesses who have not previously been involved in the arts.

Similarly for philanthropy, the newer Artsupport Australia, which sits within the Australia Council, is providing a means by which arts organizations can be promoted to the private sector. And Artsupport can assist those looking to make a contribution in this way by alerting them to projects and programs seeking funding.

The Government's introduction of PPFs (Prescribed Private Funds), in addition to other measures such as spreading a tax deduction over a number of years, have encouraged more people to be involved in philanthropy.

Philanthropy in Australia used to be the preserve of a few wealthy individuals and families, but is now much broader. The strong economy we have experienced over the last decade and the devolution of wealth to second and third generations has led to an increase in wealthy individuals and families, many of whom want to share their wealth with the community. Artsupport estimates that 10% of these funds are going to arts projects. Interestingly, projects that are supported are not supported just for their arts element, but because they are linked with another cause, such as disability or homeless youth.

In addition to money, the private sector can, and does, contribute through giving time and expertise. Many professional firms have a policy of doing pro bono work for not-for-profit organizations and also support their executives using some of their time to serve on boards of not-for-profit organizations. Again, the fit needs to be right, matching the needs of the organization and the skills and experience of the individual.

This is certainly one way in which I have been happy to contribute to the arts. In addition to my involvement with Artbank, I am also Chairman of NICA, the National Institute of Circus Arts. I took on this role at a time during which NICA was undertaking a major building project on which I have been able to advise, due to my professional experience. The Federal

Government had just given NICA \$6 million for a new building, including a purpose built circus performance space. The building is now complete and is being opened next month. So, it may be that it is now time for someone else to assume this role and guide the organization through its next phase.

This was, perhaps, my first experience of the hazards of involvement in the arts: we gratefully received \$6 million, but really needed \$10 million. We returned to the Government with a case for additional funding, which was provided, enabling the project to be completed. And with it came a reminder from the Treasurer, Peter Costello, that this was made possible by the strong, stable and growing economy, without which governments could not support the arts.

There is certainly an expectation now that every project will require arts organizations themselves to engage in fundraising. This is the case not just for projects funding directly from government, but from agencies, too. The Australia Council often contributes partial funding to projects where another partner, or partners, can be found.

As already mentioned, I was recently appointed Deputy Chairman of the Australia Council, where I hope to be able to make a contribution to its strategic planning and also be an additional voice for the visual arts on a Council often dominated by representatives of the performing arts.

The Australia Council is set up, for good reason, to distance the Government from individual grant decisions, via a process of peer assessment. Most state governments also have peer assessment processes in place. Let's not be naïve about this – it is as much for the protection of governments, who want to be distanced from individual grant decisions, as it is for the protection of artists from perceived political interference.

For some time now, the Australia Council has seen itself as a catalyst for generating priorities and advising government, often trying to anticipate the Government's priorities. At the same time, the Federal Government has asserted itself in the setting of priorities and has done so by introducing programs for particular areas, such as contemporary music and regional touring which are administered by the Arts Department, and initiating a series of reviews, which have then led to additional funding being allocated – through the Australia Council, but for specific purposes. These include the Nugent review of the major performing arts, the Myer review of the visual arts and the Strong review of the orchestras.

It is probably time for a discussion to be had about how the Government can best deliver arts funding, in particular in relation to what programs are best placed in the Australia Council and what programs are best placed in the Arts Department. This discussion should include the Government, the Department of Communications, IT and the Arts, and the Australia Council. It should also include the private sector with representatives of both business and philanthropy interests, because the answer to the question posed in this speech is that business should recognize that it is an integral part of the equation of support for the arts.

David Gonski initiated this direction during his time as Chair of the Australia Council. His streamlining of the Australia Council boards and establishment of Artsupport Australia within the Australia Council were measures in the right direction, especially in terms of the Australia Council focusing on its core mission: to support artists. But there is more work to be done and I have every confidence the new team of James Strong, as Chair, and Kathy Keele, as CEO, have the clarity of vision and the strength of resolve to move this process forward, particularly following the Australia Council's strategic retreat planned for July of this year.

In the meantime, the area that needs to be given the highest priority is the support of young and emerging artists. This includes both individual artists – visual artists, writers, playwrights,

directors, actors – and small to medium sized organizations, which provide opportunities for emerging artists to get real on-the-job experience.

The Government is currently examining the need for additional funding for small to medium sized performing arts companies. The Australia Council has highlighted this as a priority. It has been suggested that one way forward would be for it to hold an external inquiry. A second would be to make it the Gersh Inquiry, in which case it will be a very short process with a succinct conclusion: more money is required! The more support we can give at this level, the more we will be able to produce high quality products in the major companies. We also need them to be able to challenge boundaries and to create vibrancy in our arts now and in the future. This presents an opportunity for business to pick up and run with this challenge. There are many businesses who themselves are defined by their ability to innovate and take risks.

Early on in this speech I posed a question about the rewards for business involvement in the arts. Measurable outcomes include successful brand positioning and marketing as a result of partnerships involving funding, and skills development as a result of partnerships involving staff placements and board membership. This, in turn, can lead to more creative thinking being applied in the business context. It also confirms the place of business as part of the broader community, which changes the way a company and its employees think of it and, consequently, how the community regards it. For the individuals within businesses, the rewards can be more personal. Exposure to the arts can lead to new experiences, friendships and passions.

This is certainly the case for me. My newest pursuit, which I have already espoused to the Federal Government and to Premier Bracks, is a national indigenous art museum. With the opening of the Musée du Quai Branly in June last year, I was left asking: why is the world's most famous museum of indigenous Australian art in Paris? Surely there is a case for an iconic, world-class indigenous art museum in Australia? As a Victorian, I have advocated for this to be in Melbourne. The Senate is currently holding an inquiry into indigenous art, with particular reference to its sustainability and future growth. A museum of indigenous art would be an important ingredient in this endeavour.

I would like to thank you for having me this morning. I consider it a privilege to be able to engage with the arts sector, including those who do so for nothing and those who work in the sector for next to nothing!

I am amazed that so many of you came to hear me at 7.30 in the morning, when you could have been sleeping in or, if from Melbourne, having good coffee!

Joseph Gersh

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