Report
CR006 | **2014**

The Art Economies Value Chain reports: Art Centre finances

Tim Acker

Alice Woodhead

An Australian Government Initiative

CRC AUSTRALIA

NINTI ONE : CRC REMOTE ECONOMIC PARTICIPATION

Cooperative Research Centre for Remote Economic Participation Research Report CR006

ISBN: 978-1-74158-237-6

Citation

Acker T and Woodhead A. 2014. *The Art Economies Value Chain reports: Art Centre finances*. CRC-REP Research Report CR006. Ninti One Limited, Alice Springs.

About the authors

Based in Perth, Tim Acker is the Principal Research Leader with the CRC-REP, based at Curtin University. Tim has worked with the remote Aboriginal and Torres Strait Islander art sector since 1999.

Based in Lismore, Dr Alice Woodhead is the senior researcher on the Art Economies project with the CRC-REP and Southern Cross University. Alice's research interests are in cultural economics and social sciences.

Acknowledgement

This research would not have been possible without the support of the more than 200 Art Centres, art businesses, individuals and funding agencies that have contributed their data, time and ideas.

Art Economies project team

Tim Acker, Iris Bendor, Jessica Booth, Susan Congreve, Kim Petersen, Dr Lisa Stefanoff, Michelle Whittle and Dr Alice Woodhead

Art Economies advisory group

- Australian Government Ministry for the Arts
- Professor Fred Myers, New York University
- Hetti Perkins, Curator
- Emily Rohr, Short Street Gallery
- Gabrielle Sullivan, Martumili Artists
- Professor David Throsby, Macquarie University
- Alick Tipoti, Artist
- Philip Watkins, Desart

Technical support

- Elouise Dukalskis, Flinders University
- Adam Griffiths, CompNet
- Don Johnson, Southern Cross University

The Cooperative Research Centre for Remote Economic Participation receives funding through the Australian Government Cooperative Research Centres Program. The views expressed herein do not necessarily represent the views of CRC-REP or its Participants.

For additional information please contact

Ninti One Limited, Communications Manager
PO Box 154, Kent Town, SA 5071, Australia
Telephone +61 8 8959 6000 Fax +61 8 8959 6048
www.nintione.com.au

The Art Economies Value Chain reports: Art Centre finances

Tim Acker
Alice Woodhead

An Australian Government Initiative
CRC Australia
NINTI ONE CRC REMOTE ECONOMIC PARTICIPATION

Contents

Tables

Figures

Shortened forms

IN THIS ART CENTRE FINANCES REPORT

AACHWA	Aboriginal Art Centre Hub of WA (Perth)
ABA	Aboriginal Benefits Account
ABS	Australian Bureau of Statistics
ANKAAA	Association of Northern, Kimberley and Arnhem Aboriginal Artists (Darwin)
BIA	Backing Indigenous Arts
CRC-REP	Cooperative Research Centre for Remote Economic Participation
GFC	Global Financial Crisis
IACA	Indigenous Art Centre Alliance (Cairns)
ICS	Indigenous Cultural Support
IVAIS	Indigenous Visual Arts Industry Support
IEI	Indigenous Employment Initiative
Ozco	Australia Council for the Arts
RAF	Regional Arts Fund

IN OTHER AEVC REPORTS

AEP	(Aboriginal and Torres Strait Islander) Art Economies Project
AEVC	Art Economies Value Chain
ATSIAB	Aboriginal and Torres Strait Islander Arts Board: part of the Australia Council
DAA	Department of Aboriginal Affairs (Western Australia)
DCA	Department of Culture and Arts (Western Australia)
PMCH Act	*Protection of Movable Cultural Heritage Act 1986*
RRS	Resale Royalty Scheme
SMSF	Self-managed Super Funds
TAN	Tiwi Art Network
TSRA	Torres Strait Regional Authority
WDM	Western Desert Mob

ART REGIONS

A	Arnhem
APY	Aṉangu Pitjantjatjara Yankunytjatjara
C	Central
CD	Central Desert
ED	Eastern Desert
FNQ	Far North Queensland
K	Kimberley
OB	Outback
T	Tiwi
TSI	Torres Strait Islands
WC	West Coast
WD	Western Desert

Glossary

TERMS USED IN THE AEVC REPORTS

Artist	An Aboriginal or Torres Strait Islander person who produces art products.
Art business types	Any party that sells works of art to customers, on behalf of artists, using one of the following models: ***Publicly funded Art Centre or Cultural Centre*** Aboriginal or Torres Strait Islander–owned and/or governed art businesses providing a range of artistic, cultural and entrepreneurial services to a group of artists. Business operations include wholesale, retail and gallery (has exhibition space separate to retail space and holds exhibitions). ***Private art business*** A business that trades in Aboriginal or Torres Strait Islander art products for commercial gain and may also support the development of artists. Private art business operations includes Retailer/Gallery (exhibiting and non-exhibiting, i.e. shop); Retailer/Wholesaler – online only; Retailer/Wholesaler (exhibiting and non-exhibiting, i.e. shop) and Wholesaler (on-sells to other art businesses). ***Mixed business*** This is the same as a private business but with a broader focus: art plus another business activity, such as a restaurant, accommodation or tourist outlet.
Art product categories	1. Paintings and drawings: on canvas, linen, bark, paper, watercolours 2. Textiles and fashion: fabrics, leather, garments, jewellery 3. Works on paper: limited edition prints 4. Sculpture: wood (yidaki/didjeridoo), metal, glass, fibre/weaving, dance machines / dance boards, ceramic, soft sculpture, shell 5. New media: photography, film (video), digital mixed-media, installation
Markets: Primary	This is the market for artworks that are passing through the value chain for the first time, that is, the first sale from artist/Art Centre to gallery, dealer or customer. Money from this sale goes back to the artist/Art Centre rather than passing from one dealer to another, or from an auction house to a gallery, or one collector to another.
Markets: Secondary	The market for works that are transacted further along the value chain – among collectors, auction houses, galleries or dealers. Apart from potential resale royalties, money from these sales is not returned to the artist. This market is not included in this research.
Merchandise products categories	1. Stationery: bookmarks, cards, mousepads, bookmarks, pens 2. Prints/reproductions: posters 3. Homewares: drink containers, crockery, furnishings, manchester, rugs, lampshades, soft furnishings, bar mats 4. Jewellery 5. Sculpture: boomerang, didgeridoo, toys, metal, glass, ceramic 6. Clothing: t-shirts, ties, scarves, garments 7. Trinkets: key rings, spoons

Remote Australia

The concept of remoteness is an important dimension of policy development in Australia. The provision of many government services is influenced by the typically long distances that people are required to travel outside the major metropolitan areas. The purpose of a Remoteness Structure is to provide a classification for the release of statistics that inform policy development by classifying Australia into large regions that share common characteristics of remoteness.

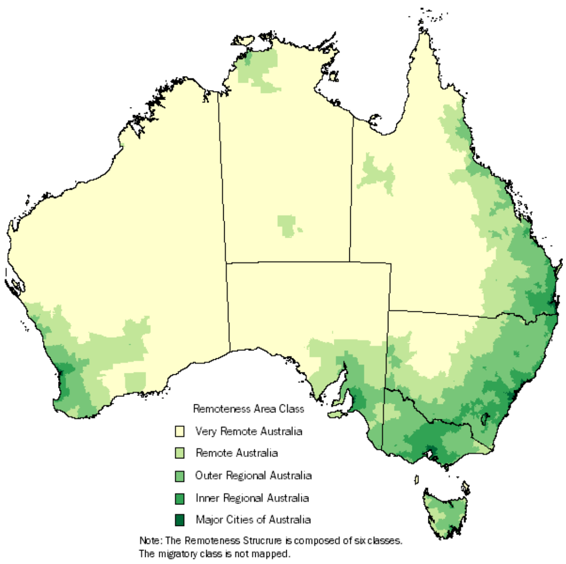


Image source: ABS 2006

Stakeholder

Stakeholders in the Aboriginal and Torres Strait Islander art value chain can be defined as any individual or group that has an interest in the creation, management or sale of Aboriginal and Torres Strait Islander art, or is affected by Aboriginal and Torres Strait Islander art.

Value chain

Value adding activities of an organisation or an entire supply chain. This is used as the reference point for defining the boundaries of an investigation of a product (art works) and/or service to give a value chain analysis.

Visual art products

An original (creative or cultural) product that is made, designed or produced by an Aboriginal or Torres Strait Islander person. Includes paintings, crafts, sculpture, fabric, baskets from any material, bought materials or waste such as fish nets and plastics.

Executive summary

Art businesses based in Aboriginal and Torres Strait Islander communities began operating in the 1970s. They run as mixed enterprises, engaging in the commercial art market; are partly subsidised by government agencies; and provide artistic, cultural and social services to marginalised, remote area residents. Against the backdrop of a complex social and political relationship between remote Aboriginal and Torres Strait Islander people and mainstream Australia, these art businesses have attracted considerable interest for both their economic and artistic achievements.

The analysis of the Aboriginal and Torres Strait Islander visual art value chain has been divided into four reports with an accompanying synthesis report. Each report focuses on important economic, social and trade issues in the art value chain. This report presents findings of an analysis of Art Centres' financial circumstances based on income and expenditure data provided by Art Centres and government agencies. Figure 1 lists the reports, with each report hyperlinked through its title.

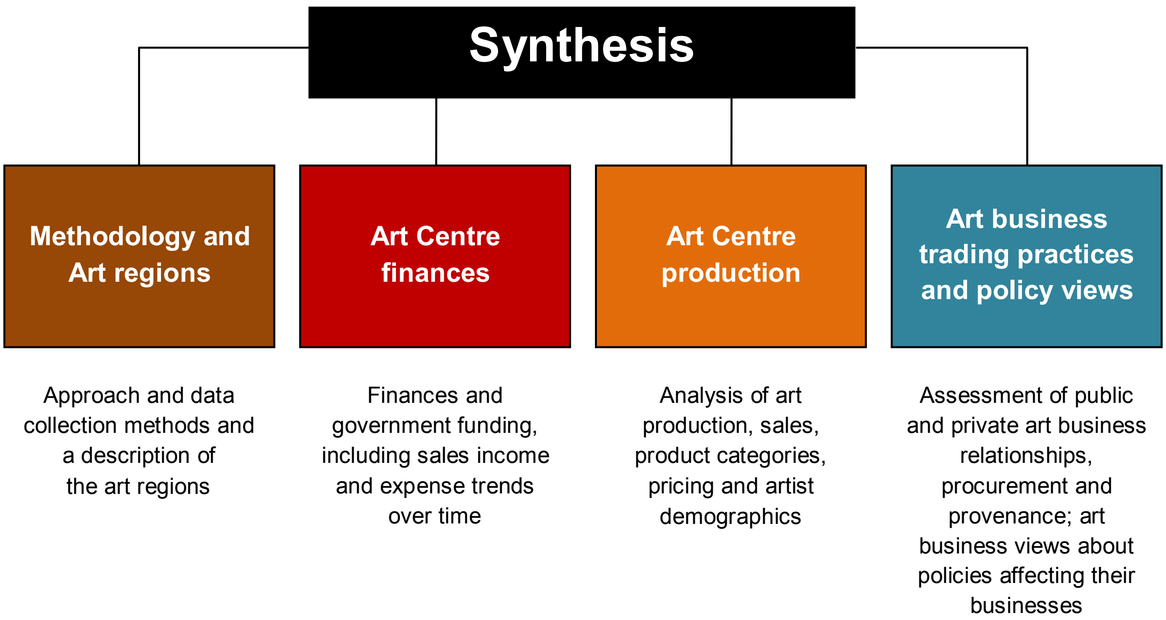


Figure 1: Reports map

SUMMARY OF FINDINGS	
Arts funding is delivered to 90% of Aboriginal and Torres Strait Islander artists in Australia.	Funding from Federal and State/Territory sources reaches more than 90% of Aboriginal and Torres Strait Islander artists in remote Australia. Funding for the sector is dominated by Federal sources (79%), though in some regions this is nearly 100%. Eighty-seven Art Centres in remote Australia shared $26.1 million of funding in 2012/13.
Grant funding is now the main source of income for most Art Centres.	In 2010/11, grant income equalled and then overtook sales as the main income source for Art Centres. The percentage of Art Centres whose funding income exceeds their sales income has almost tripled since the early 2000s; over 60% of Art Centres are now in this category.
	A quarter of total funding to the sector is for peak bodies and industry development. Peak body funding is evenly shared by Federal and State/Territory governments, though there is significant variation in the levels of funding between State and Territory agencies.

SUMMARY OF FINDINGS	
Art Centres are taking on new roles. Funding for employment activities has increased.	From 2009/10 to 2012/13, the Indigenous Employment Initiative (IEI) added over $35.3 million to remote area visual arts funding – a similar amount ($39.5 million) to the other Federal funding for art activities. In 2012/13, the IEI program was the largest funding contributor to Art Centres. A large part of the growth in reliance on funding for Art Centres is due to the IEI. Since the IEI program started, 57% of Art Centres pay more in wages than in artists' payments, compared to 29% before the program. This increase in funding for employment activities has meant that, overall, Art Centres' roles are changing, becoming more focused on employment, training and community activities.
Art Centres' financial situation is complex, with long-term factors at work. There has been a 126% drop in retained earnings since 2004/05, for a net loss. The financial resilience of many Art Centres is fragile; the sector is dominated by a few large Art Centres.	Blaming the global financial crisis (GFC) is an over-simplification of a complex situation. Art Centre mean sales began falling several years before the GFC. While the falls have been sustained, there are some recent signs of sales growth. There has been a fall in retained earnings (profit/loss) over the last ten years, from a mean $106,000 surplus in 2004/05 to a mean $27,000 deficit in 2012/13. A small number of large, established Art Centres dominate the sector's sales. Fewer than 20 Art Centres make 70% of art sales in remote Australia. Almost 60% of Art Centres make $250,000 or less in sales per year.
Art region financial returns are volatile. Most artists receive approximately 60% commission on artworks.	Financial and operational circumstances vary markedly between art regions and among Art Centres in the same regions. All regions have seen fluctuating sales in recent years; some regions have seen large declines turn into significant growth the following year. In other regions, the reverse has happened. A counterpoint to this volatility is the stable commission arrangements with artists: the artists' share of Art Centre sales has remained consistently close to the 'industry standard' of 60%.
Signs of sales growth for Art Centres.	In 2011/12 and 2012/13, mean Art Centre sales have seen modest growth. The number of art regions recording falling sales has also halved. This corresponds to other signs of recovery in the secondary art market.

1. Introduction

Funding for Aboriginal and Torres Strait Islander art has been important to the industry almost since the first remote art businesses began operations in the 1970s. The success of art from remote Australia has also drawn considerable interest into its economic potential to create businesses and generate income for Aboriginal and Torres Strait Islander artists and their communities. This combined 'money story' remains a conspicuous feature of debates within the sector, though accurate data have been very difficult to find (Commonwealth of Australia 2007, Hoegh-Guldberg 2002).

This report focuses on government funding of Art Centres and on the financial circumstances of these organisations; Figure 2 shows a map of the value chain and the area of interest for this report. These organisations are the nucleus of remote area, Aboriginal and Torres Strait Islander art production.

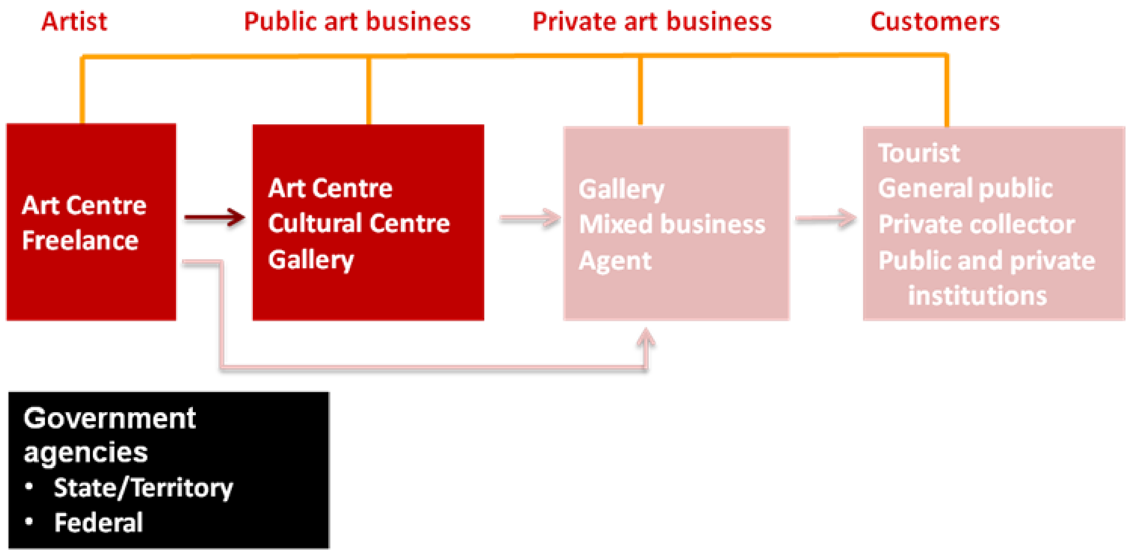


Figure 2: Stakeholder map

Eighty-seven Aboriginal and Torres Strait Islander art enterprises (Art Centres and similar community arts organisations) were identified in remote Australia, along with a further eight that had closed or changed focus.[1] Eighty-one receive funding from government sources.[2] The funding provided by government and non-government agencies supports the production of art by over 90% of Aboriginal and Torres Strait Islander artists in remote Australia. Funding supports Art Centre operational costs, provides infrastructure, and facilitates a range of activities such as artist training and mentoring and the marketing of art products. However, this funding has created outcomes that are variable, complicated and highly contested; for example, art production may not be aligned with commercial art market supply and demand.

This report and the associated *Art Centre production* report (Woodhead and Acker 2014a) do not attempt to argue a particular case, but we have defined and measured a range of criteria that are essential for an informed discussion. This report aims to contribute accurate analysis of the financial activities and trends in the art sector.

[1] One of the 87 Art Centres closed and reopened during the timelines covered by this report, and one closed Art Centre was able to provide data.
[2] Six receive no annual operational funding from government (though one had government assistance until recently), but at least five of the six have received government funding for projects or infrastructure. Two of these six receive funding from mining companies to support their operations.

It is acknowledged that measuring and understanding 'performance' in organisations is complex; a systemic approach must be taken because no one process, intervention or outcome can be viewed in isolation. When organisations create multiple forms of value – including cultural, human, financial and social – using both commercial sales and public funding, the determination of performance becomes even more entangled and subjective. For example, one intended outcome of Art Centre subsidy is to identify artists who can achieve critical and commercial success. This is not achievable for the vast majority of artists. However, these artists can, alongside some moderate artistic success, learn new skills and access professional development, training and potential employment. There are therefore a range of outcomes beyond any sales income that need to be acknowledged when considering the efficacy of Art Centre funding and operations. We have drawn on Australian Government indices and developed our own benchmarking variables to create comparisons across the art regions and jurisdictions (see the associated *Methodology and Art regions* report [Woodhead and Acker 2014b] for an explanation of the experimental design).

2. National funding

This section assesses national funding of Art Centres, describing where it comes from; the context for understanding trends in the sector; the funding mix over time; how funding is related to the number of Art Centres, their activities and sales; and the changes that funding shifts are causing to employment in Art Centres. To assist navigating the findings, Table 1 shows a summary of funding programs and their purpose.

Table 1: Federal and State funding bodies

Federal Government funding: Ministry for the Arts	
IVAIS	Indigenous Visual Arts Industry Support: supports Art Centre operations, artist and staff professional development and peak bodies.
ICS	Indigenous Cultural Support: supports the maintenance and promotion of Aboriginal and Torres Strait Islander cultural activities.
IEI	Indigenous Employment Initiative: subsidises employment and training of Aboriginal and Torres Strait Islander people in the art and cultural sector.
Other Federal funding	
RAF	Regional Arts Fund: Federal funding devolved to peak art organisations in each State/Territory to support art and cultural activities in regional and remote Australia. Not Aboriginal and Torres Strait Islander–specific.
Ozco	Australia Council for the Arts supports artists and arts organisations throughout Australia with a variety of funding and services.
ABA	Aboriginal Benefits Account: supports one-off infrastructure projects such as new staff housing, or a replacement vehicle, with funding often managed by a peak body. ABA funding is for NT-based activities only, though the funding is administered by the Australian Government Department of Social Services.
State/Territory funding	
BIA	Backing Indigenous Arts: a Queensland Government program that supports Aboriginal and Torres Strait Islander Art Centres as well as industry development initiatives.

In the 13 years from 2000/01 and 2012/13, total funding (all Federal and State/Territory funding) for remote area Aboriginal and Torres Strait Islander visual arts was $180,458,395 (these amounts are further broken down by State in Table 18 and by year in Appendix A). The Federal government contributed 79% ($143,074,067) and State/Territory governments 21% ($37,384,328).

2.1 Funding mix

A wide range of funding programs and agencies contribute to the art sector, historically concentrated on artistic projects, Art Centre support, some capital works and peak body/industry development. From 2000/01 to 2006/07, total funding from combined Federal and State/Territory sources remained relatively stable, with Federal funding increasing broadly in line with inflation. From 2008/09, funding levels and programs changed significantly. Figure 3 highlights the scale of this change.

The increase in State/Territory government funding after 2006/07 is partly due to funding data becoming more representative. The large increases in 2007/08 and 2008/09 are from the Backing Indigenous Arts (BIA) program in Queensland and, in particular, the infrastructure funding received by NT Art Centres and peak bodies from the Aboriginal Benefits Account (ABA) in 2008/09. The doubling of Federal funding in 2009/10 marks the start of the Indigenous Employment Initiative (IEI). The IEI funding offset the plateau in State government contributions after 2010/11.

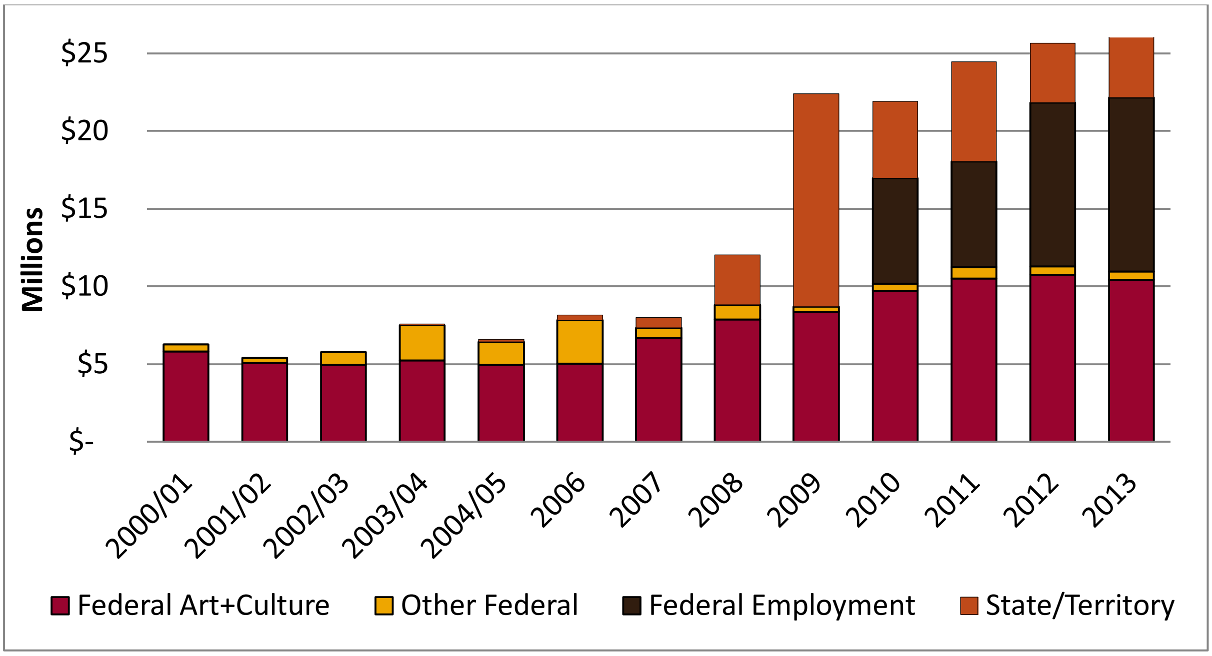


Figure 3: Funding over time – all agencies

Note: 'Other Federal' includes the Australia Council and the Regional Arts Fund.

Of total funding to the sector, $47.2 million, or 26%, has been granted to Art Centre peak bodies and industry development activities; further detail is provided in section 4. The remaining $133.2 million was allocated to Art Centres and related visual arts projects in remote Australia.

2.2 Funding to the States/Territory: relationship to number of Art Centres

Total funding was also collated by State/Territory and by the number of Art Centres operating in each jurisdiction (Table 2). While New South Wales has one Art Centre, the majority of the NSW funding was for industry development initiatives delivered by Sydney-based organisations, such as the Arts Law Centre of Australia's 'Artists in the Black' program. Overall, Queensland receives more funding in relation to the number of Art Centres, resulting from the comparatively high level of subsidy from State government sources. Western Australia receives notably less funding relative to the percentage of Art Centres in that State.

Funding has been variable over time (Figure 4). The significant growth for the NT in 2008/09 is from ABA funding. After the first round of ABA funding and the commencement of IEI funding, total funding levels for the NT were broadly in line with the percentage of Art Centres operating there; prior to this, NT was proportionally under-funded. Queensland has seen consistent funding growth since 2006/07, now doubling South Australia's funding and overtaking Western Australia to be the second largest recipient of remote area arts funding, despite having half as many Art Centres as WA (26 currently active in WA to 13 in Queensland). This funding level reflects both the subsidy of the State's BIA program (including for the Cairns Indigenous Art Fair; a recent reduction in support for the Fair is shown in the funding plateau for 2012/13) and the high level of Federal support in the region, particularly in the Torres Strait Islands through the IEI program.

Table 2: Total funding to each State and Territory, 2001/02 to 2012/13.

	Total funding	% of total funding	% of Art Centres	# of Art Centres	% of total funding from Federal Govt.	% of total funding from State/Terr.
NSW	$5,918,841	3.3%	1.1%	1	3.9%	0.9%
NT	$82,744,547	45.9%	43.7%	38	44.4%	51.4%
Qld	$34,754,067	19.3%	14.9%	13	17.2%	27.3%
SA	$23,461,519	13.0%	10.3%	9	14.0%	9.3%
WA	$33,579,421	18.6%	29.9%	26	20.6%	11.0%
TOTAL	$180,458,395	100%	100%	87	$143,074,067	$37,384,328

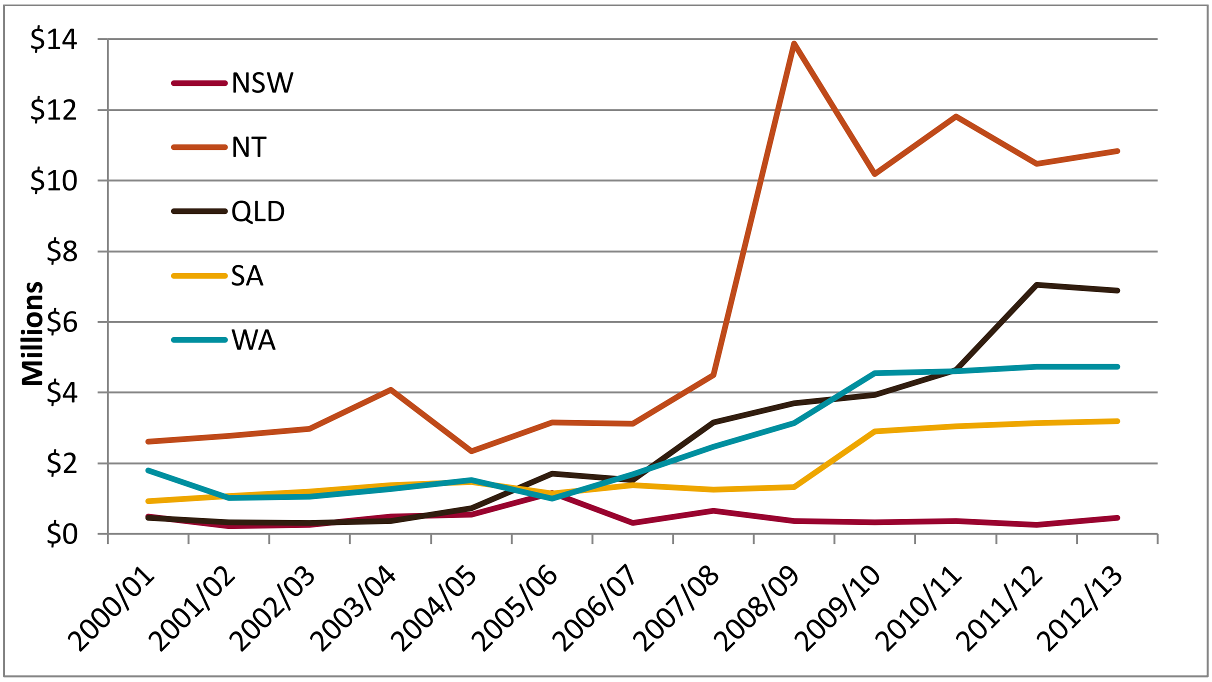


Figure 4: Total Federal and State/Territory funding, shown by recipient State

2.3 Balancing art production and employment

Since 2009/10, Indigenous Employment (IEI) funding has subsidised the employment of 'arts worker' positions, which are designed to meet IEI requirements for 'mainstream jobs' (recruitment, employment conditions, etc.) through operational and administrative work at Art Centres.

Prior to IEI, most Art Centres had only one or two positions and all artists were self-employed. IEI has enabled the employment of numerous people – in some instances 10 or more part-time employees – in addition to existing employee/s, who now also supervise these new positions. During the consultation process with Art Centres during the data collection for this report, considerable anecdotal evidence was given that in some regions artists are being employed under the IEI program, creating salaried artists. There was additional feedback about the significant supervisory and management load created by IEI and how that is accelerating changes in Art Centres from 'art services' to 'employment services'. Unlike the injections of ABA funding (which is primarily for one-off infrastructure projects, such as new staff housing or a replacement vehicle, and is often managed by a peak body), IEI funding is directly linked to Art Centres' operations. This is a complex and evolving area, with practical, financial and political implications, and would benefit from additional research.

IEI is now the dominant income stream for many Art Centres, and in some cases significantly so. Table 3 compares the amount of Federal art/culture (IVAIS and ICS) and employment (IEI) funding, by art region, ranked by the regions' dependence on IEI (shown as the proportion of their total Federal arts funding) for the four years in which IEI has been operating To provide additional context, Table 3 also includes the total population of Aboriginal and Torres Strait Islander people in each region.

Table 3: Art region funding mix: arts/culture funding vs. employment funding, four years to 2012/13, shown in order of IEI dependency

	ICS + IVAIS	IEI	IEI dependency	% of total IEI	% of artists	% of sales	Aboriginal and Torres Strait Islander population[1]
TSI[2]	$344,900	$5,452,176	94.1%	15.4%	1.8%	0.6%	3,009
K	$2,262,923	$4,624,738	67.1%	13.1%	9.6%	14.2%	4,877
ED	$850,000	$1,432,428	62.8%	4.1%	2.3%	0.9%	900
CD	$2,444,600	$3,993,212	62.0%	11.3%	7.1%	1.5%	5,971
OB	$1,308,697	$1,382,403	51.4%	3.9%	1.0%	0.0%	1,417
A	$4,045,500	$4,224,128	51.1%	12.0%	12.0%	12.4%	7,095
APY	$3,446,485	$3,316,144	49.0%	9.4%	5.3%	16.8%	2,071
T	$1,417,000	$1,229,968	46.5%	3.5%	3.3%	2.3%	2,345
FNQ	$3,881,542	$2,891,002	42.7%	8.2%	2.4%	6.5%	6,802
C	$2,788,769	$1,855,350	40.0%	5.3%	4.4%	2.5%	8,735
WD	$5,816,969	$3,658,718	38.6%	10.4%	47.6%	39.4%	7,209
WC	$1,686,695	$710,343	29.6%	2.0%	3.3%	3.0%	7,469
Peak body plus Industry development	$9,212,577	$521,176	6.5%	1.5%		Not applicable	
Total funding	**$39,506,657**	**$35,291,786**					

[1] This column tallies the population of Aboriginal and Torres Strait Islander people in each of the communities/towns in which the 87 Art Centres operate, drawn from 2011 census data.

[2] TSI = Torres Strait Islands, K = Kimberley, ED = Eastern Desert, CD = Central Desert, OB = Outback, A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, T = Tiwi, FNQ = Far North Queensland, C = Central, WD = Western Desert, WC = West Coast

IEI funding appears unrelated to the proportion of artists and Art Centres in each region. For example, while the Central and West Coast regions generate a similar percentage of sales from a similar sized artist population, Central receives two and a half times the IEI funding of West Coast. Similarly, despite Far

North Queensland and Eastern Desert having equivalent artist numbers, Far North Queensland receives more than double the level of IEI funding. While the Central Desert and Anangu Pitjantjatjara Yankunytjatjara regions receive similar IEI funding, they generate very different sales. IEI funding allocations appear driven by factors other than operational and financial circumstances of Art Centres.

The Torres Strait Islands data are distorted by the way IEI is delivered: over 50 positions are allocated to the region and over 20 of those were provided to communities without Art Centres. The four Art Centres in TSI (the only activities reporting sales) were allocated around 30 positions.

2.4 Funding to the Art regions: relationship to activities and sales

Over the 13 years of data, total funding to the remote Aboriginal and Torres Strait Islander visual art sector is generally in proportion to the level of activities (percentage of Art Centres and percentage of sales) of each art region (see Table 4). The anomaly is Western Desert, which receives 11% of the funding, significantly less than the 21% of Art Centres operating there. The percentage of funding for Central, Central Desert and West Coast regions is also less than the percentage of Art Centres operating there. Arnhem Land and the Torres Strait Islands are the regions where funding has slightly exceeded the percentage of Art Centres.

Table 4 compares funding to the percentage of sales in each region. Western Desert is the standout region, using 11% of funding to record 38% of sales. Arnhem Land, Anangu Pitjantjatjara Yankunytjatjara, Kimberley and Tiwi are other regions to show a positive return, relative to their funding. Eight regions generate fewer sales in relationship to funding, with Central, Central Desert, Outback and Torres Strait Islands having the largest imbalance between funding and sales.

Table 4: Total funding compared to Art Centre numbers and sales, by art region, 2000/01–2012/13

	Total funding	% of total funding	% of Art Centres	% of total Art Centre sales
A[1]	$15,949,491	9.0%	7.1%	16.8%
APY	$13,334,205	8.0%	8.2%	12.0%
C	$10,459,461	6.0%	11.8%	1.8%
CD	$12,226,977	7.0%	10.6%	1.6%
ED	$3,446,358	2.0%	2.4%	0.5%
FNQ	$15,232,071	8.0%	8.2%	5.9%
K	$13,060,721	7.0%	10.6%	14.3%
OB	$7,632,938	4.0%	3.5%	0.5%
T	$5,353,370	3.0%	3.5%	5.9%
TSI	$10,492,324	6.0%	4.7%	1.1%
WC	$6,150,541	3.0%	8.2%	2.0%
WD	$19,859,047	11.0%	21.2%	37.8%
Peak bodies	$32,607,332	18.0%	N/A	N/A
Industry development	$14,653,559	8.0%	N/A	N/A
Total	**$180,458,395**	**100%**	**100%**	**100%**

[1] A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

2.5 Funding to the Art regions: sources

The remote Aboriginal and Torres Strait Islander visual art sector has been overwhelmingly (79%) funded by the Federal Government (this includes funding devolved to the Regional Arts Fund and the Australia Council). For funding only to Art Centres (no peak body or industry development funds), Federal funding averages 89%, and in some cases is almost 100% (Table 5).

There is regional variation in the funding mix, see Table 5. Queensland provides higher levels of funding support than other State/Territory agencies, with two of Queensland's three art regions among the least dependent on Federal funding, particularly Far North Queensland, which receives 26% of income from State sources. The three art regions with the lowest support from State and Territory agencies are Tiwi (1%), Arnhem Land (5%), Anangu Pitjantjatjara Yankunytjatjara (6%) and Outback (6%).

Peak bodies and industry development activities receive around half their support from State agencies (49% of total peak body funds and 45% of total industry development funds). These contributions are, in large measure, due to the ABA funding in the Northern Territory and, to a lesser degree, the BIA program in Queensland.

Table 5: Ratio of Federal to State/Territory funding, 2000/01–2012/13

	State/Territory	% of Total Funding	% of Federal Funding	% of State and Territory Funding
A[1]	NT	9%	95%	5%
APY	SA	7%	94%	6%
C	NT	6%	90%	10%
CD	NT	7%	86%	14%
ED	NT	2%	84%	16%
FNQ	Qld	9%	74%	26%
K	WA	7%	92%	8%
OB	Qld, NSW, SA	4%	94%	6%
T	NT	3%	99%	1%
TSI	Qld	6%	84%	16%
WC	WA	3%	82%	18%
WD	NT, WA	11%	91%	9%
Peak bodies	N/A	18%	51%	49%
Industry development	N/A	8%	55%	45%

[1] A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

3. State/Territory funding

3.1 Overview: total and cumulative funding

The four States and one Territory with remote Aboriginal and Torres Strait Islander arts organisations in their jurisdictions contribute 21% of total funding to the sector. This funding was contributed as shown in Table 6 and Table 7.

Table 6: Total funding by State

Total by State/Territory agency		% total State/Territory funds	% of Art Centres
NSW	$352,900	1.0%	1.1%
NT	$19,201,340	51.4%	43.8%
Qld	$10,211,912	27.3%	14.9%
SA	$3,491,049	9.3%	10.3%
WA	$4,127,127	11.0%	29.9%
Total	**$37,384,328**	**100%**	**100%**

Table 7: Total funding by year, 2000/01–2012/13

Total State/Territory agencies by year	
2000/01	$13,600
2001/02	$40,000
2002/03	$20,000
2003/04	$121,680
2004/05	$162,268
2005/06	$324,466
2006/07	$661,035
2007/08	$3,181,927
2008/09	$13,715,327
2009/10	$4,930,452
2010/11	$6,432,529
2011/12	$3,824,450
2012/13	$3,956,594
Total	**$37,384,328**

Information on State/Territory funding earlier than around 2006/07 is limited (e.g. NSW, NT, and WA could provide no records earlier than 2005/06, while Qld records begin in 2004/05). Funding from State-based agencies comes from a range of sources, some not specifically arts-focused. This diversity of sources is most obvious in WA, with the regional development commissions (a network of nine State government organisations) providing a similar level of funding to that from the Department of Culture and the Arts (around one-third each, or $1.5 million) and the remaining third contributed by a combination of the WA Lotteries Commission (Lotterywest), the Aboriginal Economic Development Office and Department of Aboriginal Affairs.

The jump in income after 2007/08 (Table 7) is caused by a number of factors (aside from better data). Queensland (through BIA) and, to a lesser extent, Western Australia and South Australia, increased their support for the sector. For example, Queensland funding jumped from $125,000 to $1.6 million between 2006/07 and 2007/08 and grew to over $2 million in 2008/09 before plateauing in following years and falling in the most recent financial year. Similarly, South Australian funding peaked in 2009/10, before falling by more than 30% in following years.

The biggest increase in State/Territory funding from 2007/08 to 2008/09 results from non-art sources: ABA funding represents a twenty-fold increase in funding to the Northern Territory's Art Centres. While ABA funding has fallen in subsequent years, it remains significant, contributing almost $15 million, or 77% of total NT funding; without this funding, the level of conventional arts funding by the NT Government would be slightly higher than SA and WA, but significantly less, proportionally, than the number of Art Centres operating there. Further, ABA funding is only for one-off infrastructure or capital projects, not operational activities.

Figure 5 compares the percentage of Art Centres operating in each state and their relative funding allocation by State/Territory. Queensland provides the highest levels of support (with only 15% of Art Centres, it provides 27% of all State/Territory-sourced funding), while Western Australia's funding is low, with 11% of funding for 30% of Australia's Art Centres.

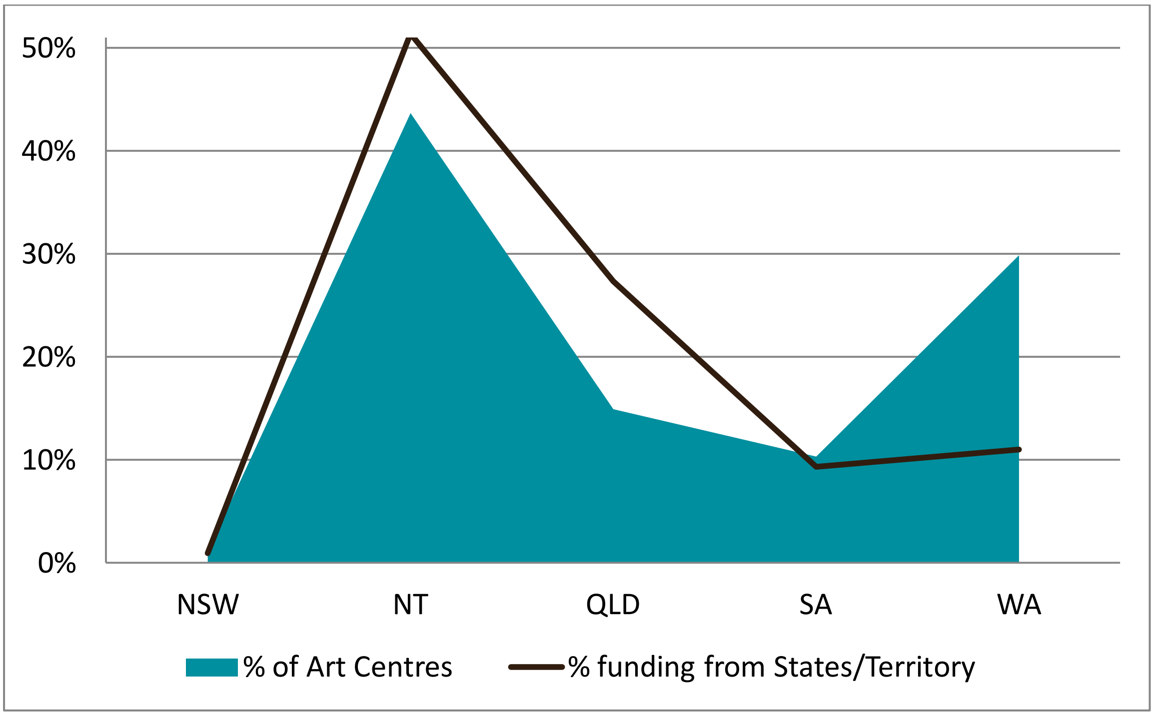


Figure 5: The percentage of funding for Art Centres against the percentage of Art Centres by State/ Territory

3.2 State/Territory funding by Art region and activity

With very few exceptions, State/Territory Government funding is for use only within each State's borders. However, in central Australia there are some minor crossovers, as some Art Centres based in Alice Springs (Northern Territory) also deliver services to Western Australian and South Australian artists and communities. These overlaps also occur with peak body and industry development funding, where those services are delivered to a membership straddling state borders. Further, two of the art regions used in this research project cross state borders (Western Desert and Outback).

Table 8 shows total funding by State/Territory agencies, by art region, compared to the number of Art Centres within that region. Far North Queensland is the only region with 'positive funding', that is, higher funding levels, relative to the percentage of Art Centres. The Torres Strait Islands' allocation is close to neutral, highlighting again the relatively generous funding by Queensland agencies.

Table 8: State/Territory funding shown by art region (2001/02–2012/13), by Art Centres and artists

	Total funding	% of total funding	% of total Art Centres	% of total artists
A[1]	$785,064	2.1%	6.9%	12.2%
APY	$733,842	2.0%	8.0%	5.1%
C	$1,053,740	2.8%	11.7%	4.9%
CD	$1,718,956	4.6%	10.3%	7.5%
ED	$565,584	1.5%	2.3%	2.7%
FNQ	$4,026,870	10.8%	9.2%	2.7%
K	$1,011,300	2.7%	9.2%	9.6%
OB	$429,825	1.1%	4.6%	1.6%
T	$33,238	0.1%	3.4%	3.2%
TSI	$1,627,958	4.4%	4.6%	2.2%
WC	$1,115,621	3.0%	8.0%	3.4%
WD	$1,722,138	4.6%	21.8%	44.9%
Peak bodies	$15,965,512	42.7%		
Industry development	$6,594,680	17.6%		
Total funding:	**$37,384,328**			

[1] A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

Table 8 shows peak bodies attracting 43% of all State/Territory funding, with industry development accounting for a further 18%. However, overall peak body funding is inflated by the $10.8 million of ABA funding devolved through Northern Territory peak bodies. Peak body funding is presented in more detail in the following section.

4. Peak bodies and industry development

4.1 Funding overview

As a response to challenges faced by Art Centres, peak bodies were formed to provide a mix of resources, advocacy and support. Since the establishment of the first peak body in the Northern Territory[3], there has been considerable development of and change to the peak body environment. This has corresponded with growth in the number and distribution of Art Centres, particularly in new regions such as Far North Queensland and the West Coast. All remote area Art Centres, except for those in the Outback region of Queensland and New South Wales, have access to one or more peak bodies (Table 9).

[3] ANCAAA, the Association of Northern and Central Australian Aboriginal Artists, in 1988 with around a dozen members.

Table 9: Peak bodies and art regions

Peak body	Art region
Aboriginal Art Centre Hub of WA, Perth (AACHWA)	West Coast and Western Desert
Ananguku Arts, Adelaide	Anangu Pitjantjatjara Yankunytjatjara and some of Outback
Association of Northern, Kimberley and Arnhem Aboriginal Artists, Darwin (ANKAAA)	Arnhem Land, Tiwi, Central, Kimberley, Western Desert
Desart, Alice Springs	Western Desert, Anangu Pitjantjatjara Yankunytjatjara, Central, Central Desert, Eastern Desert
Indigenous Art Centre Alliance, Cairns (IACA)	Far North Queensland and Torres Strait Islands

Alongside peak bodies, a range of industry development initiatives have been funded, sometimes as one-off events (such as the Aboriginal art commission at the Musée du Quai Branly in Paris) and sometimes as projects or services delivered by other organisations (such as Umi Arts in Cairns, FORM in Perth, the Tiwi Art Network in Darwin or the Arts Law Centre of Australia in Sydney).

Table 10 shows the total annual funding for peak body and industry development activities.[4] The right hand column shows the percentage of funding for peak bodies of total Federal and State/Territory funding (e.g. in 2012/13 the $3.69 million for peak bodies represents 14% of the sector's total funding of $25.4 million).

Table 10: Funding to peak bodies and industry development (2000/01 to 2012/13)

	Peak body funding	Industry development funding	% of total arts funding to peak bodies by year
2000/01	$410,483	$506,473	6.5%
2001/02	$546,500	$273,663	10.0%
2002/03	$387,860	$483,727	6.7%
2003/04	$2,116,839	$723,870	27.8%
2004/05	$917,050	$899,361	13.9%
2005/06	$1,515,862	$1,544,476	18.5%
2006/07	$1,242,243	$345,440	15.5%
2007/08	$1,411,550	$1,902,500	11.7%
2008/09	$9,430,121	$1,614,229	42.1%
2009/10	$3,729,203	$1,500,108	17.0%
2010/11	$4,174,263	$1,724,385	17.1%
2011/12	$3,030,254	$1,739,593	11.8%
2012/13	$3,695,104	$1,395,734	14.1%
Total:	**$32,607,332**	**$14,653,559**	

While the ABA funding increase in 2008/09 was granted to the two NT peak bodies (Desart and ANKAAA), this funding was for new infrastructure at Art Centres, not for peak body services. There was not enough detail in the data to allocate the funding to the respective art regions. This lack of detail also applies to the lesser, but still significant levels of ABA funding in subsequent years. The other notable increase was in 2003/04, when triennial funding was provided to the NT peak bodies.

[4] Peak bodies receive funding from a range of government and non-government sources. This analysis includes all available funding information for peak bodies and industry development activities as reported by government agencies and as noted in the associated *Methodology and Art regions* report (Woodhead and Acker 2014b); however, some peak body funding information is missing.

Of the $47.4 million of total funding to peak bodies and industry development, around half ($22.6 million) has been provided by State governments. However, this level is distorted by the approximately $10.8 million provided by ABA funding; without this funding, the peak body and industry development sectors would be dominated by Federal funding levels of around 70%.

The overall growth in the level of funding to peak bodies reflects, in part, the increased number of Art Centres (from approximately 45 in 2000 to nearly 90 in 2013) and therefore the greater number and role of peak bodies. However, funding levels over the last four years have plateaued.

Of the $14.7 million of total industry development funding, over half (55%) is provided by Federal sources. Queensland, mainly through its subsidy of the Cairns Indigenous Art Fair, accounts for 28%. The Northern Territory, South Australia and Western Australia make up the remainder, with 9%, 1% and 7% of contributions, respectively.

The proportion of funds for industry development has fallen overall compared to the funds for peak bodies. In the five years to 2012/13, industry development funding averaged 28% per year, whereas in the first eight years of this analysis, the average is 43% with a high of 55% in 2000/01 and 2002/03. This likely reflects a maturing of the sector, greater capacity within Art Centres and an increased role for peak bodies.

Figure 6 shows that funding for peak bodies from Federal sources has seen a steady rise over the last seven years, to the point where it is now, by some margin, the largest contributor ($2.6 million compared to $1.1 million for all other agencies combined in 2012/13). Figure 6 shows the funding spike from ABA funding, particularly in 2008/09, with lesser amounts in the following two years. This funding was granted to the two Northern Territory–based peak agencies, though the funds were used for art centre activities.

In 2012/13, the Northern Territory and South Australia contributed similar levels of peak body support ($450,536 and $485,114 respectively); Queensland has climbed slightly ($160,000); but Western Australia is notable for its consistently low level of support for peak body services, despite 30% of all remote-area Art Centres being located in WA.

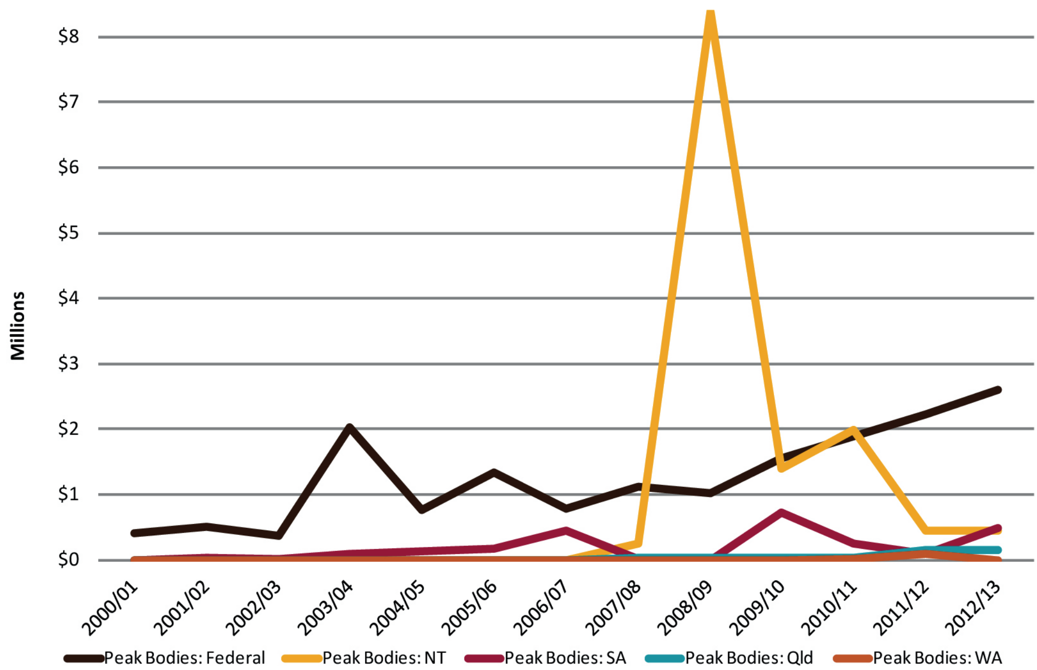


Figure 6: Funding contributions to Australia's peak bodies by Federal and State/Territory arts agencies, 2000/01–2012/13

Table 11 shows the total funding from State/Territory agencies to peak bodies and industry development. The relationship between the percentage of funding by each State/Territory and the percentage of Art Centres within each jurisdiction is also shown. The high level of NT support results from ABA funding, while the very low level of peak body support from WA is notable.

Industry development activities are unevenly supported by State and Territory governments; of the $6.6 million in total support, 62% of these funds are contributed by Queensland (highlighting direct investment in key events such as the Cairns Indigenous Art Fair over investing in peak bodies); the Northern Territory provides 20%; Western Australia 15%; and South Australia is the lowest contributor to industry development at 3%.

Table 11: Total State/Territory funding for peak bodies and industry development, 2000/01–2012/13

State and Territory funding for industry development and peak bodies	Total funding	% of total funding	% of Art Centres
Industry development – all States and NT	$6,594,680	29.2%	N/A
Peak body – NT	$12,904,300	57.2%	43.8%
Peak body – SA	$2,481,212	11.0%	14.9%
Peak body – Qld	$470,000	2.1%	10.3%
Peak body – WA	$110,000	0.5%	29.9%
Total	**$22,560,192**	**100%**	**98.9%***

* The missing 1.1% is for Art Centres in NSW, which are not covered by a peak body.

Peak bodies attract funding from other agencies for a varying mix of operational, project and infrastructure funding; as this analysis was based on information provided by a targeted number of funding agencies, these other funding sources have not been accounted for here. Further, the footprint and membership of peak bodies is complicated. To understand this interplay of funding issues, additional research is required. This would provide a useful, detailed and accurate assessment of peak body funding that is not possible in this document.

5. Art Centres

5.1 Financial overview

A majority of Art Centres are independently incorporated organisations, completing and submitting an annual audit. Income/expenditure records for unincorporated Art Centres and art projects provide additional financial data. While the records are uneven (as noted in the associated *Methodology and Art regions* report [Woodhead and Acker 2014b]), these documents provide data on a range of financial factors such as income, expenditure and profit and loss.

Table 12 shows a summary of Art Centre audits and profit/loss statements from 1990/91 to 2012/13. These data have been collated from 404 'audit years' provided by 72 Art Centres. Grant income includes, as far as possible, funding from all sources (government and non-government), while 'other income' includes items such as interest, donations and royalties.[5] 'Other expenses' includes a wide range of other operational costs, including communications, travel, insurances, freight, utilities and depreciation.

Table 12: Art Centre audits, 1990/91–2012/13

Income		% of total income/expenses
Sales	$159,624,838	57.3%
Grant income	$101,389,776	36.4%
Other income	$17,639,148	6.3%
Total income	**$278,653,762**	**100**%
Expenses		
Wages	$70,078,933	26.1%
Art materials	$12,252,921	4.6%
Artist payments	$94,003,432	35.0%
Other expenses	$92,026,464	34.3%
Total expenses	**$268,361,750**	**100**%
Retained earnings	$10,292,012	

Table 12 shows that 57.3% of all Art Centre income was earned from sales, 36.4% from grants and 6.3% from other income. Conversely, artist payments represent 35.0% of an Art Centre's expenses (and 59% of sales), materials 4.6%, wages 26.1%, while 34.3% is for general operating costs. Wages include all wage costs (superannuation, insurance, leave costs) for all staff including trainees, arts workers and IEI positions, and depreciation is included in other expenses, where it was in the source data.

Across Art Centres and art regions there is a wide variation in these percentages, including a small number of Art Centres that receive little or no government funding. Of Art Centres that have received government subsidy, annual funding dependency ranges from under 5% to virtually 100%. The proportion of income generated from sales has similar variation, from under 10% to over 90%.

5.2 Mean Art Centre income and expenditure by State/Territory and by Art region

To enable comparisons in the data, to incorporate the variability between Art Centres and to help understand the trends within the sector, data were aggregated to show Art Centre mean income and mean expenditure; in Table 13 this is shown by State/Territory and in Table 14 by art region. Due to the uneven distribution of financial information, only the nine most recent years (2004/05–2012/13), covering 379 audits from 72 Art Centres, have been used for more detailed analysis.

[5] The difference in grant income between Table 12 and Table 18 reflects the different data sets. Table 12 is all funding reported by 72 art centres, over 22 years; Table 18 is all funding provided by government agencies over 13 years.

Table 13: Art Centre financial summary by State/Territory, 2004/05–2012/13

	Income				Expenditure			Mean retained earnings
	# of audits	Mean sales	Mean grant income	Mean income	Mean wages	Mean artist payments	Mean expenses	
NT	158	$437,529	$264,033	$735,391	$199,047	$244,128	$716,408	$18,983
Qld	51	$211,580	$424,043	$645,580	$214,062	$123,491	$644,468	$1,112
SA	47	$410,002	$164,806	$603,093	$130,308	$264,167	$580,714	$22,379
WA	123	$410,015	$218,660	$705,749	$152,909	$248,583	$664,217	$41,532

The mean Queensland sales income is about half that of other jurisdictions. Queensland Art Centres also have the lowest percentage of income from sales (33%). This highlights their dependency on grant income, a result of their small market share and of higher funding levels from Queensland agencies. Other States and the Northern Territory generate between 58% and 68% of income from sales. South Australian Art Centres, at 64% have the highest returns to artists (as a percentage of sales), with the Northern Territory's 56% the lowest.

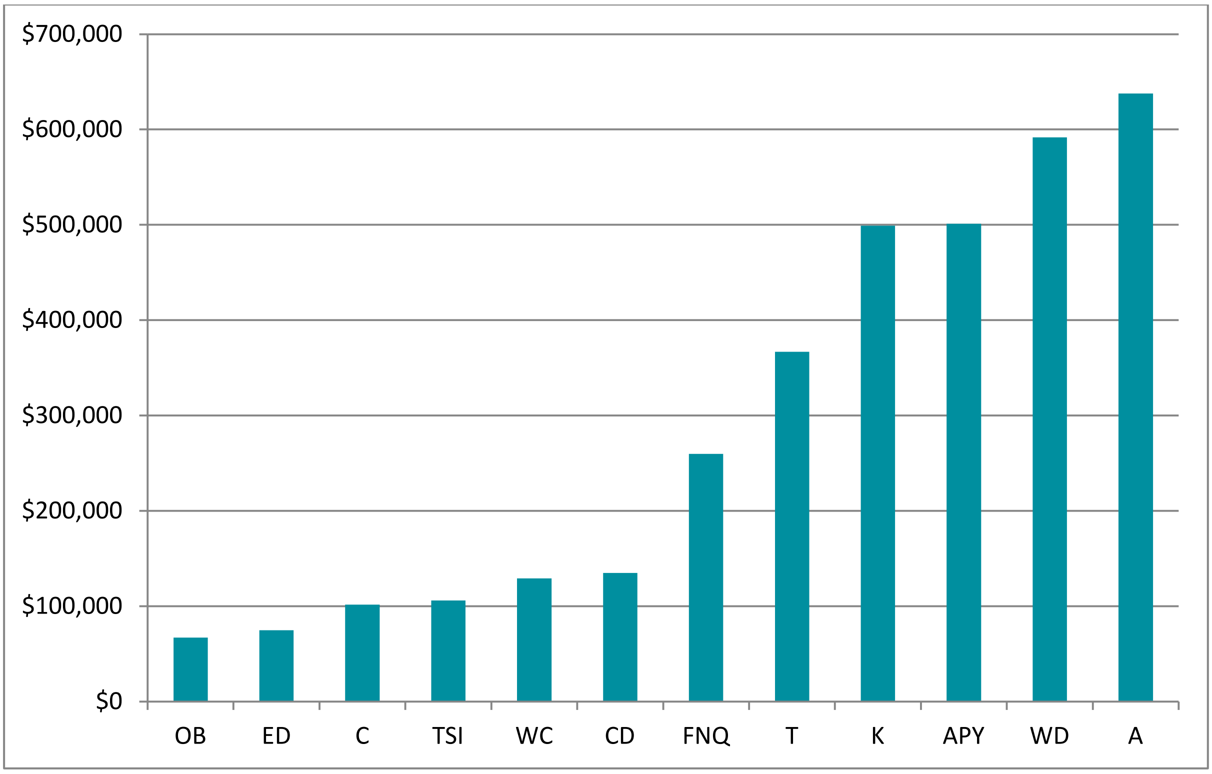
Queensland Art Centre mean wages are also the highest proportion of total expenses at 33% (the other Sates' and Territory average 25%), a result of the high levels of Indigenous Employment Initiative (IEI) funding in Queensland, which receives almost 25% of all IEI funding.

Table 14: Mean Art Centre financial circumstances, by art region, 2004/05–2012/13

			Income			Expenditure			Mean retained earnings
Art region	**Mean sales rank**	**# of audits**	**Mean sales**	**Mean grant income**	**Mean income**	**Mean wages**	**Mean artist payments**	**Mean expenses**	
A[1]	1	33	$637,887	$241,915	$927,297	$225,796	$370,804	$886,770	$40,526
APY	3	37	$501,125	$193,000	$730,053	$151,873	$323,656	$705,603	$24,451
C	10	28	$101,645	$331,088	$457,159	$146,433	$54,031	$449,836	$7,323
CD	7	18	$134,956	$289,321	$435,959	$212,593	$62,053	$426,695	$9,264
ED	11	10	$74,672	$298,602	$384,427	$176,108	$34,732	$341,255	$43,171
FNQ	6	35	$259,812	$400,690	$669,890	$240,343	$148,303	$683,562	-$13,672
K	4	45	$499,185	$252,462	$837,748	$210,300	$298,418	$788,139	$49,609
OB	12	11	$67,226	$59,173	$126,399	$48,682	$40,690	$113,295	$13,103
T	5	25	$366,692	$282,566	$675,271	$165,287	$218,197	$695,900	-$20,629
TSI	9	16	$106,075	$473,581	$591,826	$156,572	$69,213	$556,392	$35,434
WC	8	24	$129,089	$126,866	$280,446	$67,049	$75,877	$255,263	$25,183
WD	2	97	$591,614	$230,583	$894,929	$183,869	$340,175	$850,503	$44,426

[1] A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

Art Centre operations include a spectrum of activities and business models, ranging from a commercial or fine art market focus through to social and community activities. The information in Table 14 highlights how wide this spectrum is. Four of the art regions have mean sales under $110,000 and four of them have mean sales of more than $500,000; this top grouping has mean sales more than six times greater than the lowest four, as shown in Figure 7:



A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

Figure 7: Mean sales for each Art Centre, ranked in order of sales

Other observations are:

- The four art regions with the highest level of mean sales are also those that generate the highest proportion of their total income from sales: Arnhem Land (69%), the Anangu Pitjantjatjara Yankunytjatjara Lands (69%), Western Desert (66%) and Kimberley (60%).
- Three of the four art regions with the lowest level of mean sales (all less than $110,000) are also those that are most dependent on government funding: Central (72%), Eastern Desert (78%) and the Torres Strait Islands (80%).
- The Anangu Pitjantjatjara Yankunytjatjara and Western Desert regions, at 22%, have the lowest proportion of wages to total expenses, while the Central Desert and the Eastern Desert have the highest, at 50% or more of total expenses. The mean is 32%.
- The Torres Strait Islands and Anangu Pitjantjatjara Yankunytjatjara Lands have the best returns to artists at 65% of total sales, with Eastern Desert and Central Desert the lowest at around 46%; overall, the average was 57%, close to the informal industry standard of 60%.

5.3 Art Centres over the last nine years

While there were significant falls in the international and Australian art market following the global financial crisis, there are indications that international art sales are recovering, with growth in the art market since 2009/10 (McAndrew 2012). However, the situation for the remote Aboriginal and Torres Strait Islander art sector is complicated: falling sales, combined with government funding changes, increasing numbers of Art Centres and a range of policy changes have all impacted the financial situation for Art Centres. While 'blaming the GFC' is an over-simplification, art market conditions since 2008 have been difficult, and lower art product sales (see the associated *Art Centre production* report [Woodhead and Acker 2014a]) have been felt by Art Centres and artists (Commonwealth of Australia 2012).

In the last two years, there has been an increase in the mean total sales of Art Centres of 2% and 8%, suggesting some recovery in the art market. When analysed by art region, however, there is considerable volatility, with, for example, the West Coast region recording a 29% fall in sales one year, followed by 50% growth the following (Figure 7). There are other signs that the decline in Art Centre sales is slowing: over the last three years, there were half as many art regions recording falling sales, from eight in 2010/11 to four in 2012/13.

Table 15 shows Art Centres' mean income and mean expenditure by year. While the table shows national data, events have unfolded differently across art regions. Appendix B provides further detail on the financial circumstances for each art region.

Table 15: Art Centre mean income and mean expenditure by year, 2004/05–2012/13

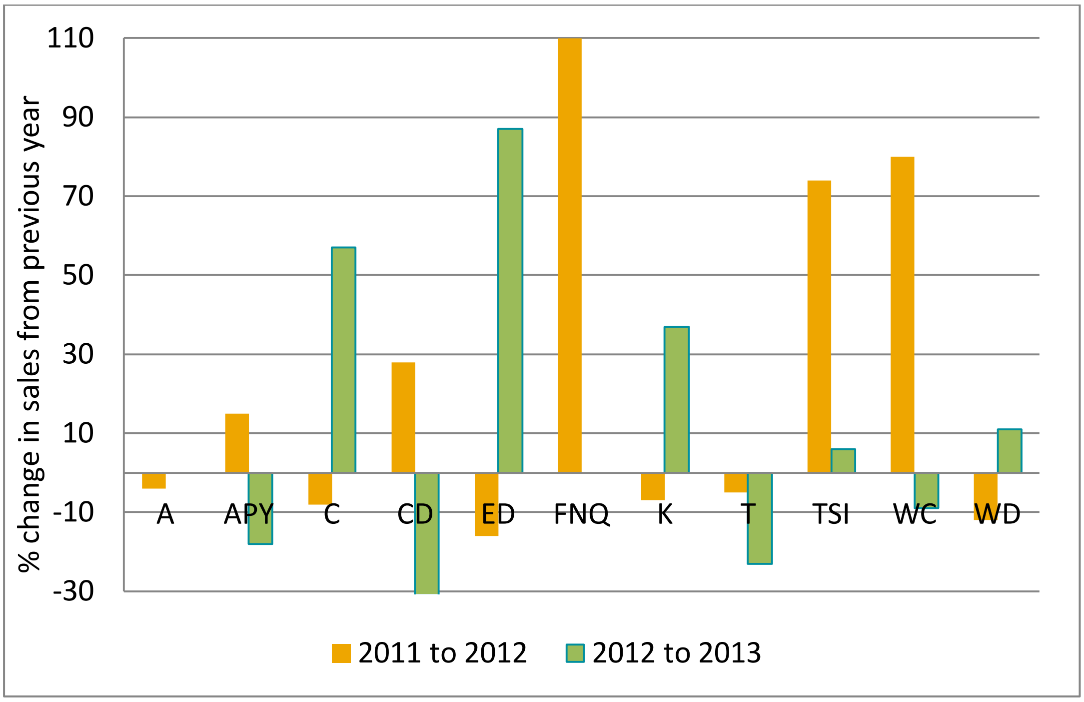
		Income			Expenditure			Mean retained earnings
	# of audits	Mean sales	Mean grant income	Mean income	Mean Wages	Mean artist payments	Mean expenses	
2004/05	19	$492,060	$141,132	$689,878	$109,429	$281,070	$583,322	$106,556
2005/06	29	$457,861	$112,322	$655,188	$113,524	$285,952	$564,082	$91,106
2006/07	31	$519,958	$166,540	$727,198	$124,880	$316,907	$687,873	$39,325
2007/08	32	$552,301	$211,300	$752,706	$146,229	$305,568	$671,544	$81,162
2008/09	50	$396,935	$229,441	$646,009	$141,458	$220,368	$620,224	$25,785
2009/10	52	$409,343	$295,358	$732,854	$183,089	$252,068	$693,829	$39,025
2010/11	59	$301,658	$303,169	$660,195	$196,596	$179,766	$633,501	$26,695
2011/12	63	$307,249	$307,798	$676,935	$220,611	$178,012	$660,453	$16,483
2012/13	44	$330,752	$362,898	$750,791	$255,429	$191,550	$778,134	-$27,343
% change 2004/05–2012/13		-33%	157%	9%	133%	-32%	33%	-126%
% change 2007/08–2012/13		-40%				-40%		

The following observations are made about Table 15 (and summarised in Figure 9):

- From 2010/11, mean grant income for all Art Centres was greater than mean sales income. Despite a plateau in the following year and increasing sales income, the growth in grant dependency continued in 2012/13. In 2004/05, sales were 3.5 times greater than grant income; in 2012/13, grants were 1.1 times greater than sales.
- The percentage of mean income derived from sales has fallen from a high of 73% in 2007/08 to 44% in 2012/13.
- Grants, as a proportion of mean income, have risen from a low of 17% in 2005/06 to almost 50% of Art Centre income by 2012/13.
- The growth of mean grant income is in part driven by funding delivered by the IEI.

- Mean income has remained reasonably steady, highlighting this increasing dependency. However, if inflation is included in the assessment of income, then there has been a 15% fall over nine years; that is, to maintain their relative standing, mean income should be around $860,000 in 2012/13.
- The mean retained earnings of Art Centres have fallen 126% in nine years; net deficit was recorded for the first time in 2012/13.
- Wages have grown from 19% (2004/05) to 33% (2012/13) of mean expenses; mean wages are now the largest expense item.
- Mean artist payments, as a proportion of mean sales, have been very stable over time, averaging 57%.
- In 2010/11, mean wages exceeded mean artist payments for the first time. In 2004/05, wages were 39% of artist payments; nine years later, they were 133%. This trend occurred in all art regions, though it was particularly pronounced in the Eastern Desert, Central Desert, Torres Strait Islands and Central regions, where wages are 2.5 to 5 times greater than artist payments.

The fall of 33% in mean sales over the nine years shown in Table 15 is in part a consequence of the overall growth in the number of Art Centres and the increasing number of small centres. The 40% fall since the market peak in 2007/08 highlights that the market downturn nationally has affected Art Centres but also that the fall in sales income was not solely triggered by the GFC and/or other market changes. While the last two years has seen a small increase in mean sales for Art Centres, there is considerable variation between, and volatility within, art regions, illustrated in Figure 8, which compares the change in sales over the two most recent time scales.



A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

Figure 8: Change in Art region sales from 2011 to 2012 and 2012 to 2013

Figure 9 shows some financial indicators for Art Centres in remote Australia, particularly the challenge of a combination of falling sales (and correspondingly, falling artist payments) and retained earnings, coupled with increased reliance on grant income.

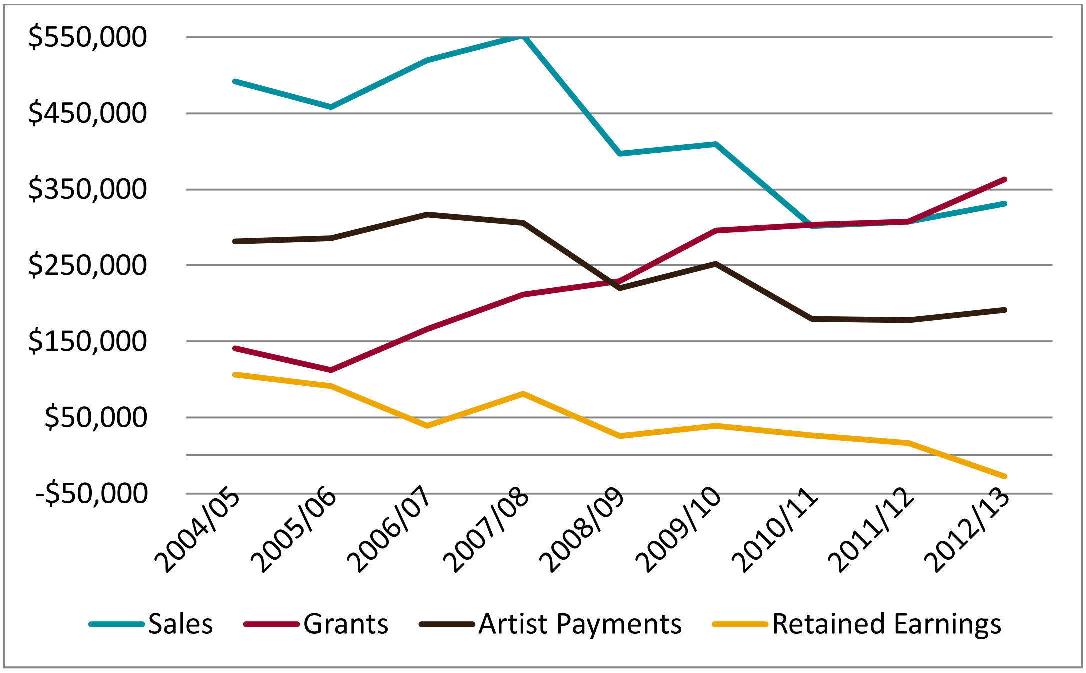


Figure 9: Art Centre financial indicators, 2004/05–2012/13

5.4 Dominance of big Art Centres

Sales by Aboriginal and Torres Strait Islander Art Centres are dominated by relatively few, larger centres. In order to understand the difference between the financial circumstances of large and small centres, a sales threshold of $500,000 was used. Art Centre sales and retained earnings from 354 audits were ranked above and below that level, across two timescales, 2003–07 and 2008–12 (Table 16). The Arnhem Land, Anangu Pitjantjatjara Yankunytjatjara Lands, Kimberley and Western Desert art regions dominate the list of Art Centres with over $500,000 of sales income; Tiwi and one Far North Queensland Art Centre have also contributed to this group.

Table 16: High income and low income Art Centre comparison

		2003–07	# of Art Centres	2008–12	# of Art Centres
Art Centres over $500,000	Mean sales	$1,099,426	12	$1,028,081	17
	Mean retained earnings	$158,486		$46,651	
Art Centres under $500,000	Mean sales	$201,316	32	$191,345	43
	Mean retained earnings	$32,339		$9,246	
Share of total sales to over $500,000 Art Centres		**74%**		**69%**	

Across the two timescales, the percentage of sales generated by high income Art Centres, while falling slightly, is significant; these Art Centres make up 28% of the total number of centres and claim around 70% of sales. Over the two timescales, the fall in mean sales and mean retained earnings for both categories of Art Centres is very similar – about a 6% drop in mean sales and a 70% drop in retained earnings. However, it is likely that the financial situation for low income Art Centres is more difficult than indicated here; many of the 27 Art Centres not included in the 2008–12 analysis do not submit audits and are, based on summary and anecdotal information, small centres with incomes below the mean sales shown here.

5.5 Art Centre turnover

As indicated above, many Art Centres have a low level of sales income. Table 17 shows that nearly 80% of Art Centres make less than $500,000 in annual sales and more than half make less than $250,000.

Table 17: Annual income comparison, all Art Centres, 2004/05–2012/13

Annual sales	Number of Art Centres[1]	%
$0 to $150,000	47	34.3%
$150,000 to $250,000	33	24.1%
$250,000 to $500,000	27	19.7%
$500,000 to $1 million	18	13.1%
$1 million to $2 million	8	5.9%
$2 million+	4	2.9%

[1] The number of Art Centres shown here totals 137; this is because this data represent nine years of sales information, over which time some Art Centres have moved between categories as their total sales have fluctuated.

The mean size of profits (retained earnings) for Art Centres that are generating profit has fallen since 2008 (Figure 10). Conversely, the size of losses has also increased for Art Centres. The line in Figure 10 shows the trend across all Art Centres' audit data and represents the percentage of Art Centres each year that are recording a profit. This percentage has fallen from a high of nearly 80% of Art Centres with an annual profit to less than 40%.

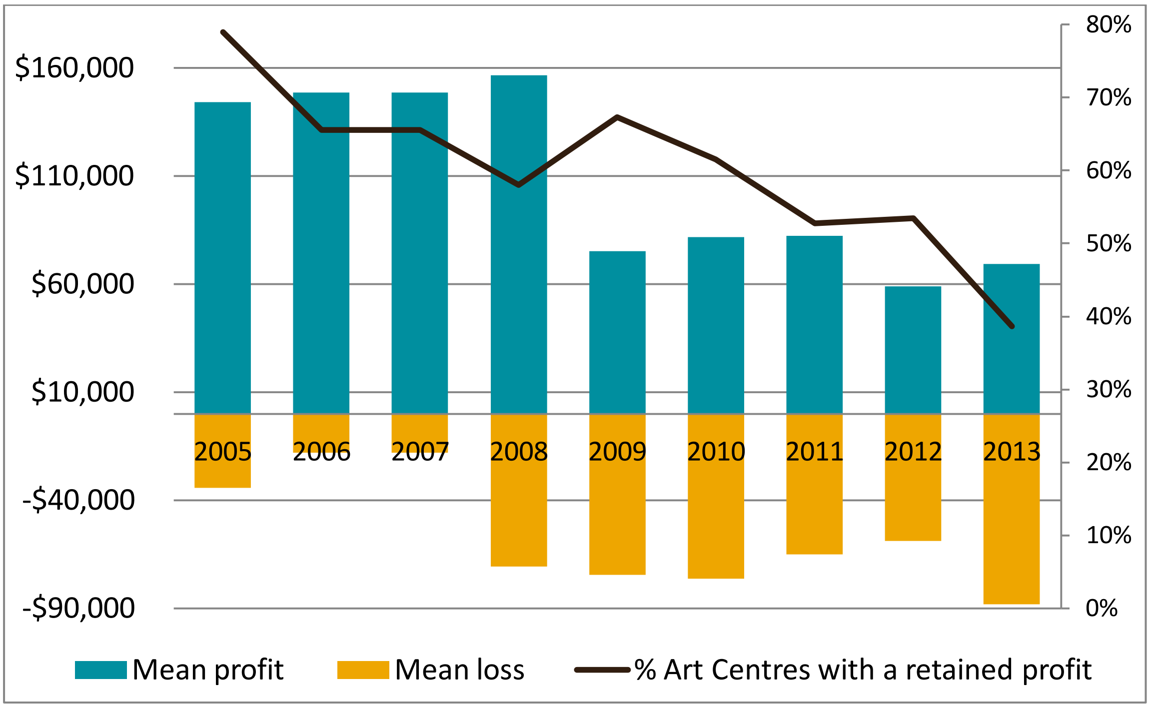


Figure 10: Art Centre profit, loss and retained earnings.

6. Combinations and conclusions

This section brings together the funding and financial information of remote Art Centres, drawn from audit and funding data, with the aim of exploring some of the overlaps and correlations between these two datasets.

6.1 Relationship between funding and sales by State/Territory

Because a range of Art Centre issues are specific to each State/Territory, Table 18 and Table 19 show a summary of some funding and financial measures by jurisdiction. The funding amounts include funding for peak bodies; it is not possible to separate out peak body funding by State. Table 19 shows funding for Art Centres only.

Table 18: Funding and sales by State/Territory, 2000/01–2012/13

	Total funding[2]	% of total funding	Federal funding	State funding	Total sales	% of sales	Sales return on funding[1]
NSW	$5,918,841	3.3%	$5,565,941	$352,900	$11,000	0.0%	0.00
NT	$82,744,547	45.9%	$63,543,207	$19,201,340	$75,479,129	48.4%	0.91
Qld	$34,754,067	19.3%	$24,542,155	$10,211,912	$10,861,539	7.0%	0.31
SA	$23,461,519	13.0%	$19,970,470	$3,491,049	$19,474,774	12.5%	0.83
WA	$33,579,421	18.6%	$29,452,294	$4,127,127	$50,021,775	32.1%	1.49
Total	**$180,458,395**	**100%**	**$143,074,067**	**$37,384,328**	**$155,848,217**	**100%**	**0.86**

This column shows total funding divided by total sales, in order to provide some indication of the effectiveness of funding to generate sales. For example, in Western Australia, each $1 of funding has generated $1.49 of sales.

[2] The funding total here is different from Table 20 as the totals here include funding for peak bodies and industry development ($47.2million); it is not possible to disaggregate peak body totals from State and Territory totals.

Table 19: Artist indicators by State/Territory, 2000/01–2012/13

	Total artist payment	Artist returns on funding[1]	% of total artists	% of Art Centres	Number of artists	Number of Art Centres
NSW	$7,000	0.00	0.5%	1.1%	76	1
NT	$42,808,382	0.51	57.4%	43.7%	8,076	38
Qld	$6,342,321	0.18	5.2%	14.9%	725	13
SA	$12,476,485	0.53	5.9%	10.3%	836	9
WA	$30,327,123	0.90	31.0%	29.9%	4,358	26
Total	**$91,961,311**	**0.51**	**100%**	**100%**	**14,071**	**87**

This column shows total funding divided by total payments to artists. Funding in this sector is intended to create benefits for Aboriginal and Torres Strait Islander people and this information allows some comparison; for example, Art Centres in Western Australia generate $0.90 in artist payments for every $1 of funding.

6.2 Relationship between funding and sales by Art region

Examining the relationship between funding and sales by art region enables a more detailed and fine-grained understanding of the situation across Australia. There are interrelationships within and between art regions; Table 20 presents a range of these correlations, including the Aboriginal and Torres Strait Islander population for each region.

Table 20: Comparison of key indicators, by art region (2000/01 to 2012/13).

	Funding and sales						Artist indicators						
	Total funding	**% of funding**	**Total sales**	**Mean sales**	**% of sales**	**Sales return on funding**	**Artists payment**	**Artist return on funding**	**% of Art Centres**	**# of Art Centres**	**% of all artists**	**# of all artists**	**Aboriginal and Torres Strait Islander population**
A	$15,949,491	12.0%	$25,583,661	$691,996	16.4%	1.60	$14,951,259	0.94	6.9%	6	12.0%	1,723	7,095
APY	$13,334,205	10.0%	$18,746,290	$480,674	12.0%	1.41	$12,035,892	0.90	8.0%	7	5.3%	718	2,071
C	$10,459,461	7.9%	$2,846,057	$101,645	1.8%	0.27	$1,512,865	0.14	11.5%	10	4.4%	684	8,735
CD	$12,226,977	9.2%	$2,429,205	$134,956	1.6%	0.20	$1,116,954	0.09	10.3%	9	7.1%	1,054	6,596
ED	$3,446,358	2.6%	$746,723	$74,672	0.5%	0.22	$347,317	0.10	2.3%	2	2.3%	383	900
FNQ	$15,232,071	11.4%	$9,164,344	$241,167	5.9%	0.60	$5,234,916	0.34	9.2%	8	2.4%	381	6,802
K	$13,060,721	9.8%	$22,463,322	$499,185	14.4%	1.72	$13,428,828	1.03	9.2%	8	9.6%	1,347	4,877
OB	$7,632,938	5.7%	$739,484	$67,226	0.5%	0.10	$447,593	0.06	4.6%	4	1.0%	224	1,417
T	$5,353,370	4.0%	$9,167,303	$366,692	5.9%	1.71	$5,454,936	1.02	3.4%	3	3.3%	450	2,345
TSI	$10,492,324	7.9%	$1,697,195	$106,075	1.1%	0.16	$1,107,405	0.11	4.6%	4	1.8%	314	3,009
WC	$6,150,541	4.6%	$3,098,147	$129,089	2.0%	0.50	$1,821,054	0.30	8.0%	7	3.3%	477	7,469
WD	$19,859,047	14.9%	$59,166,486	$574,524	38.0%	2.98	$34,050,718	1.71	21.8%	19	47.6%	6,316	6,150
Totals	**$133,197,504**	**100%**	**$155,848,217**		**100%**	**1.17**	**$91,509,737**	**0.69**	**100%**	**87**	**100%**	**14,071**	**57,466**

A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback,
T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

Table 17 highlights the dominance of the four major art regions (Arnhem Land, Anangu Pitjantjatjara Yankunytjatjara, Kimberley and Western Desert). These regions encompass almost half of Australia's Art Centres, service 75% of artists, are supported by almost half of all funding and generate over 80% of all sales. The corollary is that the other half of Australia's Art Centres, representing almost 4,000 artists, are generating less than 20% of sales.

The enormous variability across the art regions is obvious and raises a range of philosophical, commercial and ethical questions for all stakeholders as to the purpose and place of Art Centres, especially for artists themselves and for funding agencies as their primary supporters. These are not new, the questions of what an Art Centre is for, what job/s it is there to do and for whom. Although they have recently been raised again – due to a combination of tough market conditions, increased numbers of Art Centres and the changing priorities of funding agencies – there have long been calls for various forms of benchmarking or accreditation as a way of disaggregating a hugely complex situation and creating greater coherence across this sector (for example, Altman, cited in Wright and Morphy 2000).

The data in this report indicate that if present trends continue there will be an increasing number of Art Centres that will become insolvent, while others will continue to move (or possibly be moved, as external agencies have considerable influence) further toward providing social and employment services, with art production and sales as ancillary.

Aligned to these issues are questions of government funding and subsidy; while essential to the sector, there is arguably a case to better articulate, calibrate and enforce the priorities of remote-area funding for art, culture and enterprise. This is not necessarily an argument for moving funding from Art Centres that are more focused on providing a range of social and community services to those that are more obviously in the 'business of art'; the needs of remote communities for such a range of services remains significant. But these findings point to the need for funding to be better matched to the actual services provided by each Art Centre and to respond to the growing differences in how Art Centres operate.

If funding (such as is currently provided under the IVAIS industry support program) is meant to support high quality art making and well-performing art enterprises to be 'in business', then it should be implemented that way. If the increasing range of employment, training and other social support services that many Art Centres provide are deemed more important by artists and their communities, then they too should be supported, but potentially through a different framework that is not driven by unrealistic commercial and industry development imperatives. There appears to be an artificial and unhelpful assumption woven through the Aboriginal and Torres Strait Islander art sector that the 87 Art Centres across remote Australia are all in the same line of business, when they are in fact operating along an ever wider spectrum, delivering a diverse range of services.

Appendix A: Total Federal and State/Territory funding

Table A 1 summarises the funding of remote area Aboriginal and Torres Strait Islander Art Centres and projects by Federal and State/Territory agencies.

Table A 1: Total funding by year, 2000/01 to 2012/13

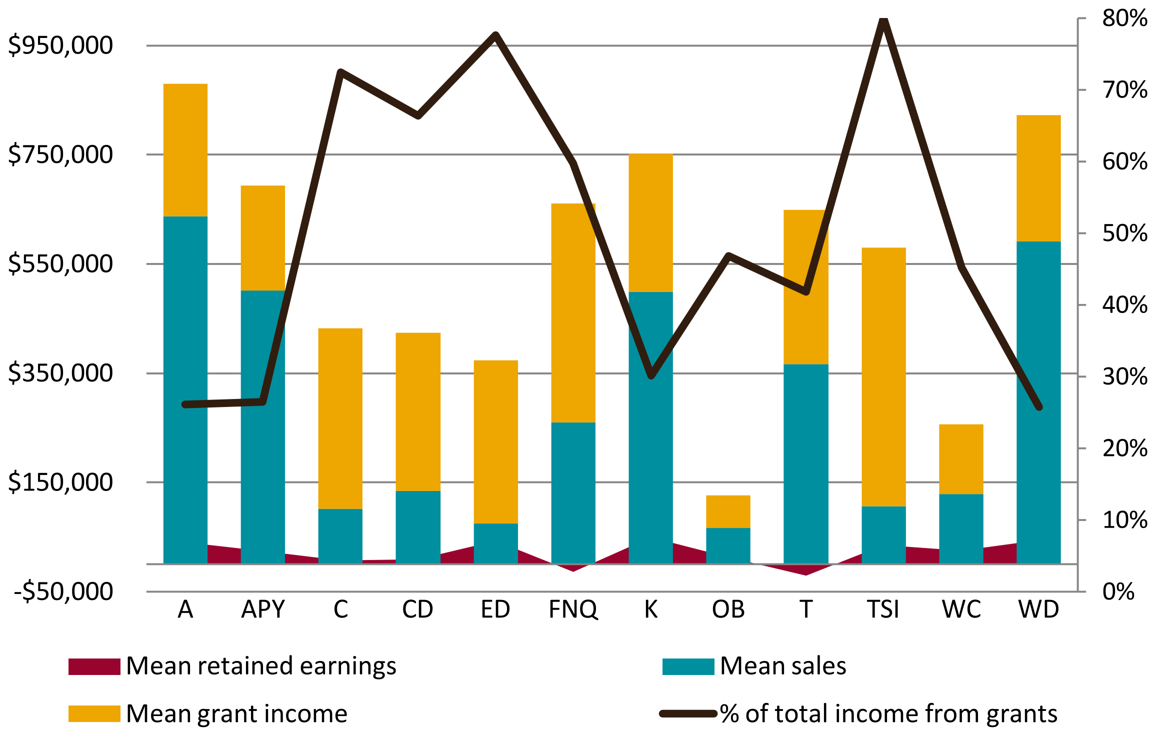
Year	Total funding	% change to previous year	Federal funding	State/Territory funding
2000/01	$6,271,158		$6,257,558	$13,600
2001/02	$5,438,747	-13%	$5,398,747	$40,000
2002/03	$5,783,866	6%	$5,763,866	$20,000
2003/04	$7,604,209	31%	$7,482,529	$121,680
2004/05	$6,612,858	-13%	$6,450,590	$162,268
2005/06	$8,174,892	24%	$7,850,426	$324,466
2006/07	$8,013,329	-2%	$7,352,294	$661,035
2007/08	$12,018,602	50%	$8,836,675	$3,181,927
2008/09	$22,411,320	86%	$8,695,993	$13,715,327
2009/10	$21,895,067	-2%	$16,964,615	$4,930,452
2010/11	$24,469,356	12%	$18,036,827	$6,432,529
2011/12	$25,649,933	5%	$21,825,483	$3,824,450
2012/13	$26,115,058	2%	$22,158,464	$3,956,594
Total	**$180,458,395**		**$143,074,067**	**$37,384,328**

Appendix B: Financial trends in each Art region

Financial and market conditions have unfolded differently in different art regions. This section illustrates these changes by art region. There are six art regions (Arnhem Land, Anangu Pitjantjatjara Yankunytjatjara, Far North Queensland, Kimberley, Tiwi and Western Desert, representing 43 of the possible 50 Art Centres and 267 audits[6]) that have a long record of audit and financial information. The other five art regions (excluding Outback) have varying data; for example, Central Desert has a high proportion of hosted Art Centres, and others, such as the Torres Strait Islands, have Art Centres that have only been operating for a few years, with correspondingly limited records. However, using the available data, charts for all 11 art regions are shown below in section B.3, starting from Figure B 2, indicating the change over time for a mean Art Centre within each art region using two approaches: the first chart tracks the change to five financial measures (sales, grants, wages, artist payments and retained earnings); the second shows the amount of sales and grant income each year and the changes to the percentage of total income from grants, over time.

B1. National summary

To provide an overview, Figure B 1 compares the mean sales, grant income, retained earnings and the percentage of total income from grants for each art region. This information is designed to complement and add context to the detailed art region–by–art region data that follow.



A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, C = Central, CD = Central Desert, ED = Eastern Desert, FNQ = Far North Queensland, K = Kimberley, OB = Outback, T = Tiwi, TSI = Torres Strait Islands, WC = West Coast, WD = Western Desert

Figure B 1 Mean Art Centre, by art region comparing financial circumstances

[6] Note that there are two exceptions: Arnhem Land has records complete to 2011/12 only, while Far North Queensland records begin in 2005/06, one year later than the other art regions shown here.

B2. Summary of six Art regions

The six regions with long-term records are also represented in Table B 1. This shows the interplay of financial trends using three criteria: total change over nine years, change from the art market peak (2007/08) and a comparison between the two most recent years (2011/12 and 2012/13).

Table B 1: Comparison of financial indicators for six leading art regions (2004/05–2012/13), except Arnhem region (2004/05–2011/12 only) and Far North Queensland (2005/06–2012/13)

		Total sales	Grants	Wages	Payments	Retained earnings
A	Eight-year change	-48%	329%	163%	-47%	-166%
	From 2007 peak	-54%	170%	101%	-47%	-396%
	Last 12 months	-4%	-13%	19%	-16%	-203%
APY	Nine-year change	106%	115%	347%	116%	-111%
	From 2007 peak	-24%	101%	137%	-33%	-109%
	Last 12 months	-18%	9%	11%	-23%	-134%
FNQ	Eight-year change	-26%	118%	26%	44%	-143%
	From 2007 peak	-11%	66%	83%	44%	-422%
	Last 12 months	0%	23%	13%	16%	-139%
K	Nine-year change	5%	341%	215%	13%	-306%
	From 2007 peak	0%	413%	87%	-8%	-122%
	Last 12 months	60%	25%	9%	84%	-266%
T	Nine-year change	-10%	128%	215%	17%	-252%
	From 2007 peak	-45%	87%	87%	-49%	-407%
	Last 12 months	-23%	-62%	9%	-15%	-1028%
WD	Nine-year change	-18%	80%	166%	-18%	-148%
	From 2007 peak	-33%	-14%	69%	-23%	-152%
	Last 12 months	11%	11%	18%	8%	-247%

A = Arnhem, APY = Anangu Pitjantjatjara Yankunytjatjara, FNQ = Far North Queensland,
K = Kimberley, T = Tiwi, WD = Western Desert

B3. Financial circumstances of 11 Art regions

B3.1 Arnhem Land

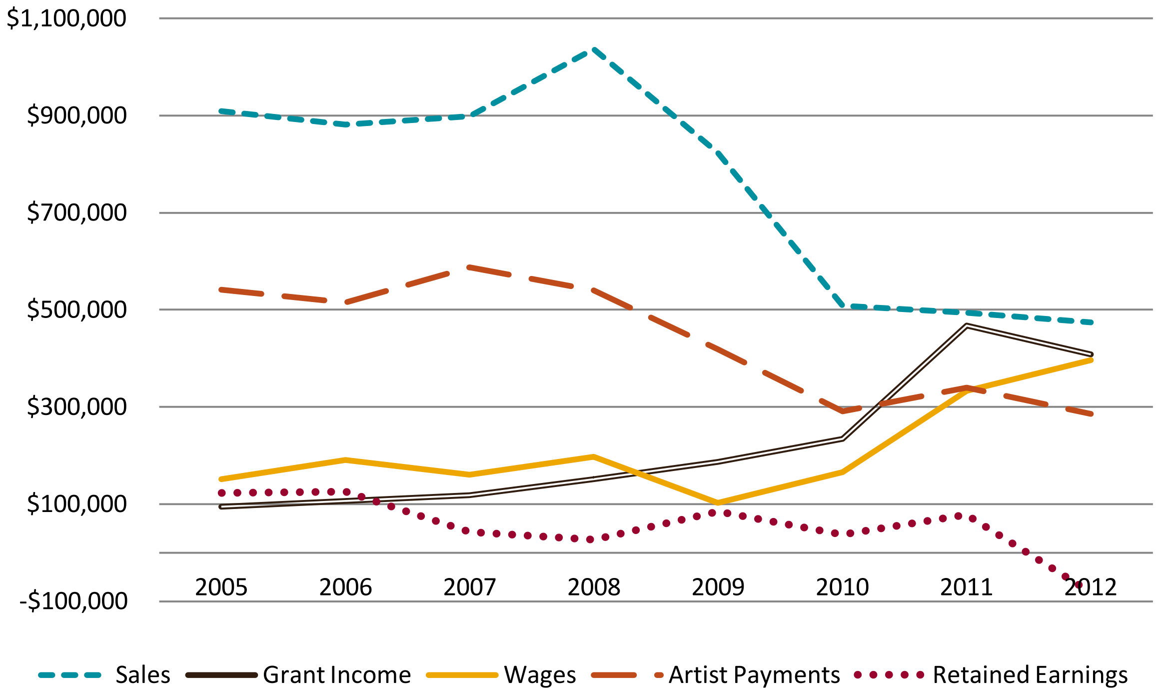


Figure B 2: Arnhem Land key indicators, 2004/05–2011/12

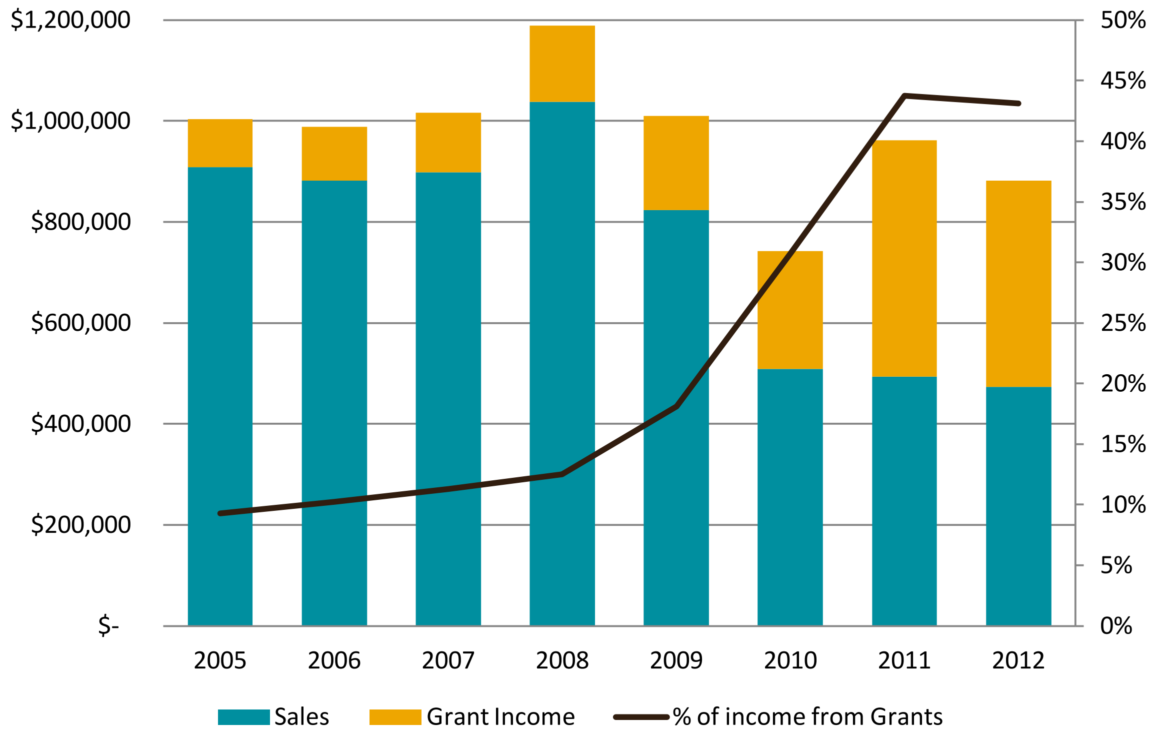


Figure B 3: Arnhem Land sales income, grant income and percent of total income from grants, 2004/05–2011/12

B3.2 Anangu Pitjantjatjara Yankunytjatjara Lands

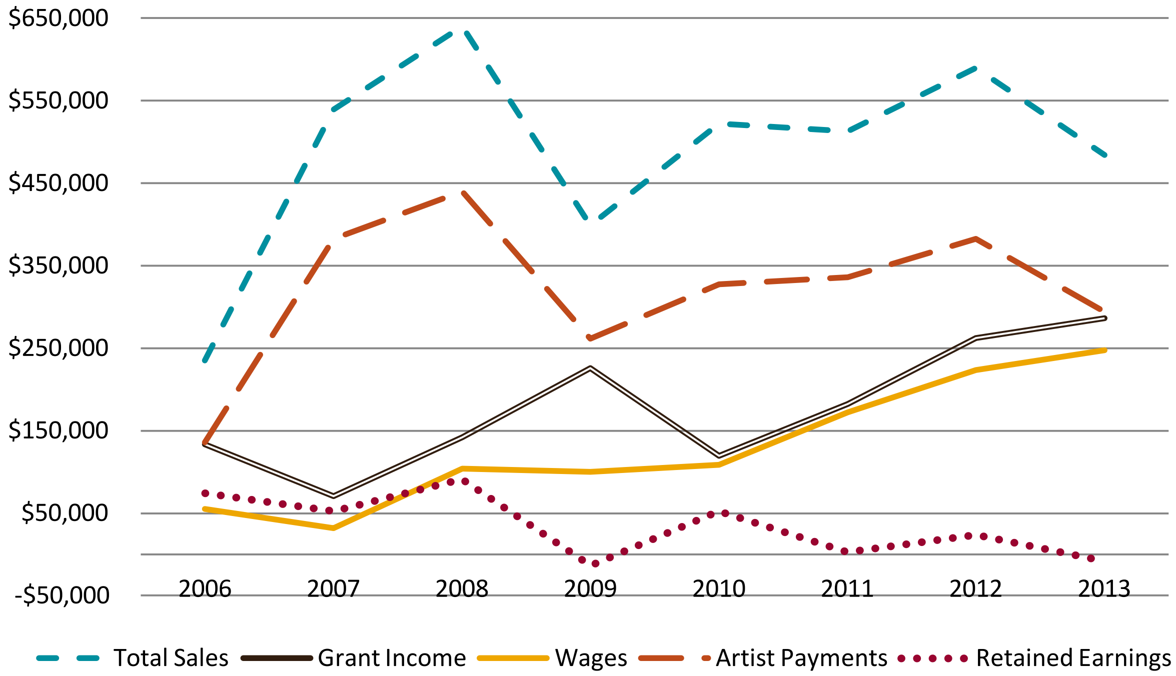


Figure B 4: Anangu Pitjantjatjara Yankunytjatjara Lands key indicators, 2004/05–2012/13

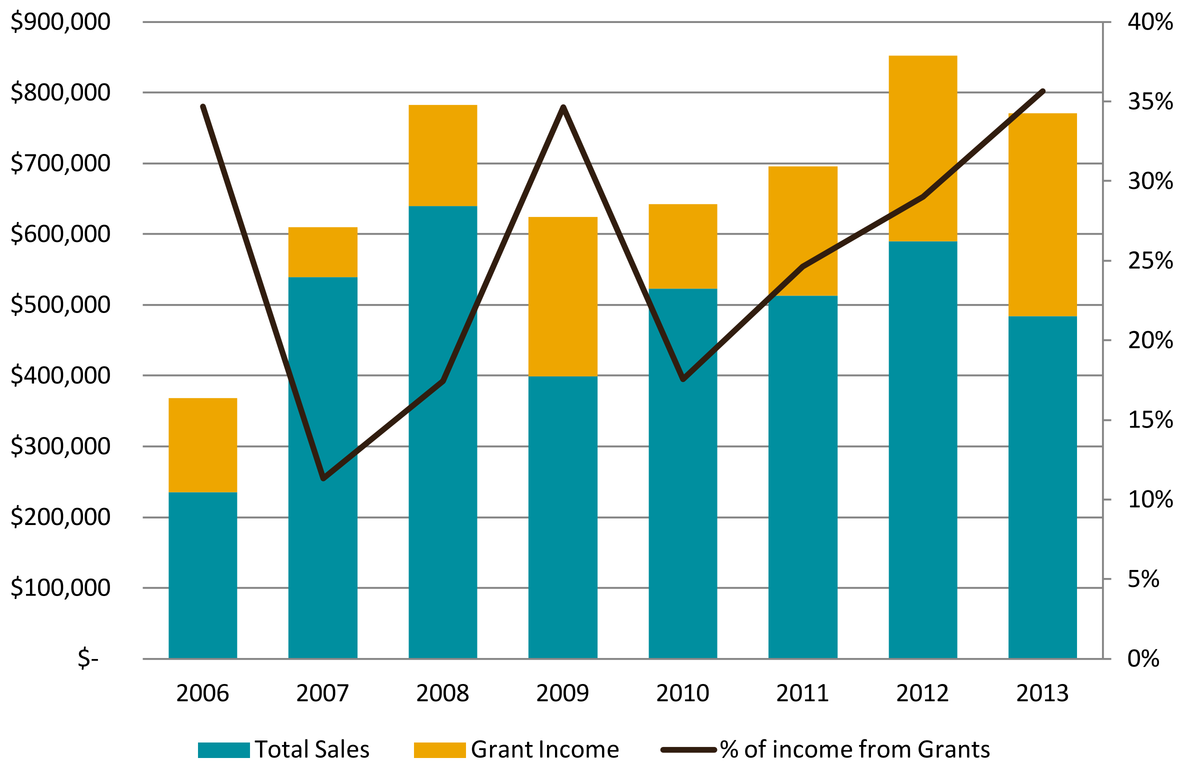


Figure B 5: Anangu Pitjantjatjara Yankunytjatjara Lands sales income, grant income and percent of total income from grants, 2004/05–2012/13

B3.3 Central

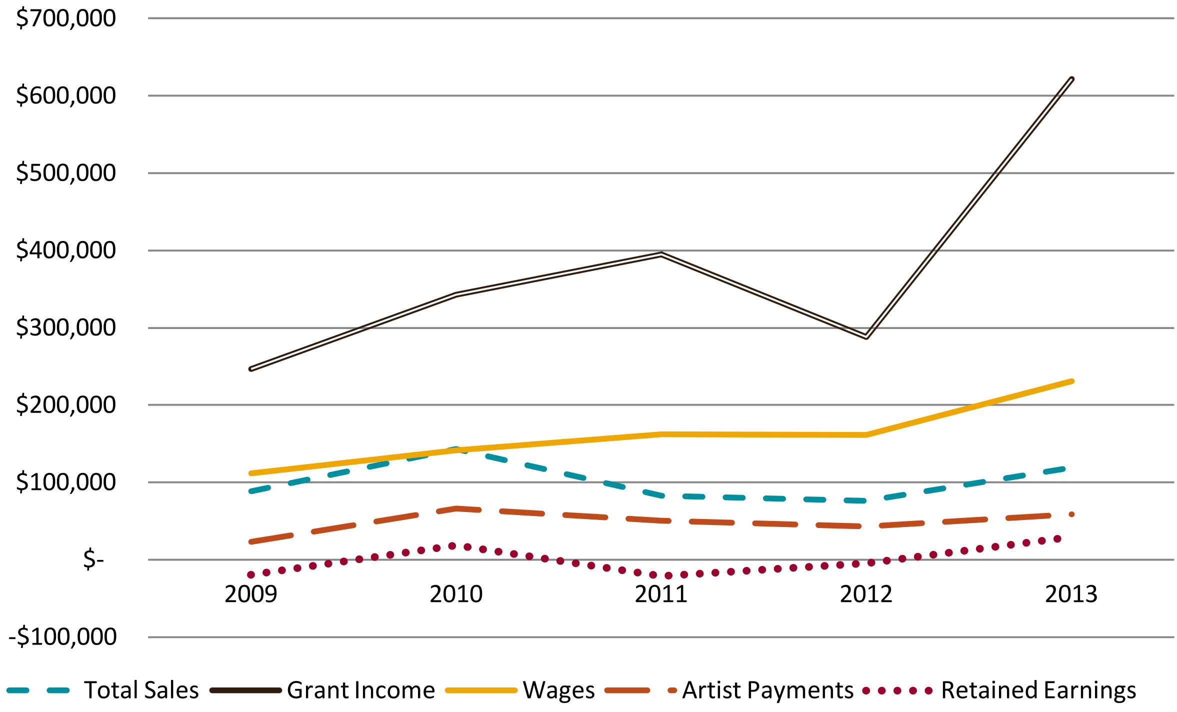


Figure B 6: Central key indicators, 2008/09–2012/13

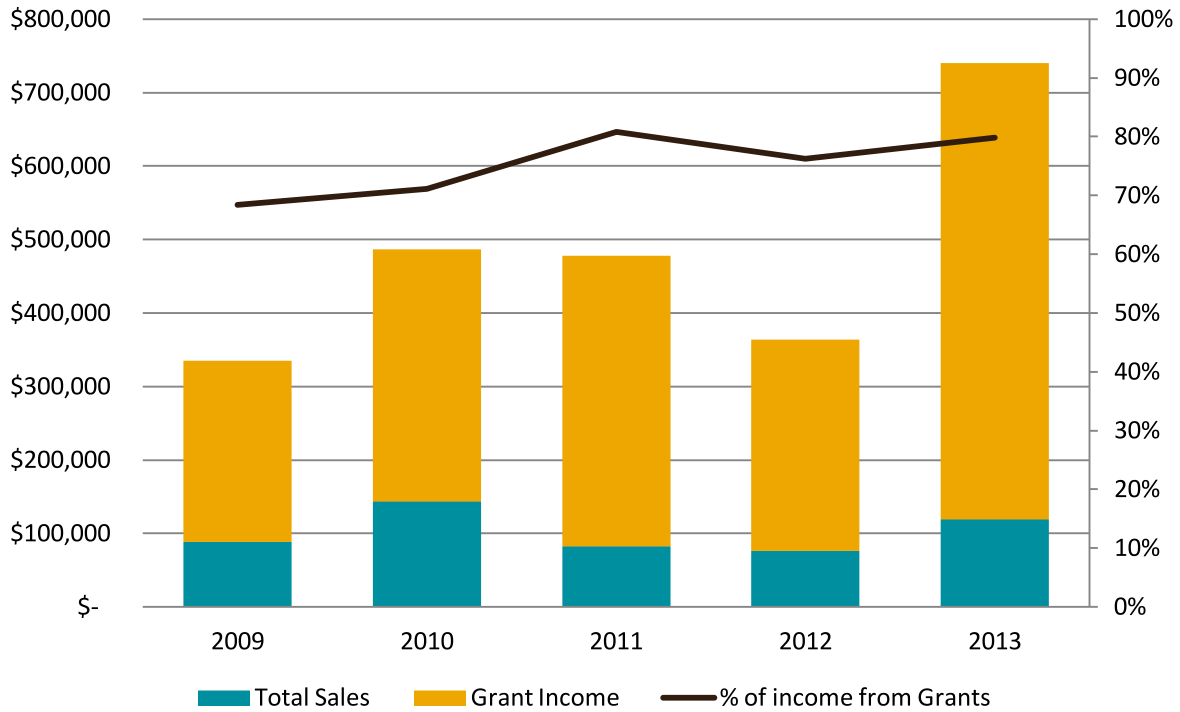


Figure B 7: Central sales income, grant income and percent of total income from grants, 2008/09–2012/13

B3.4 Central Desert

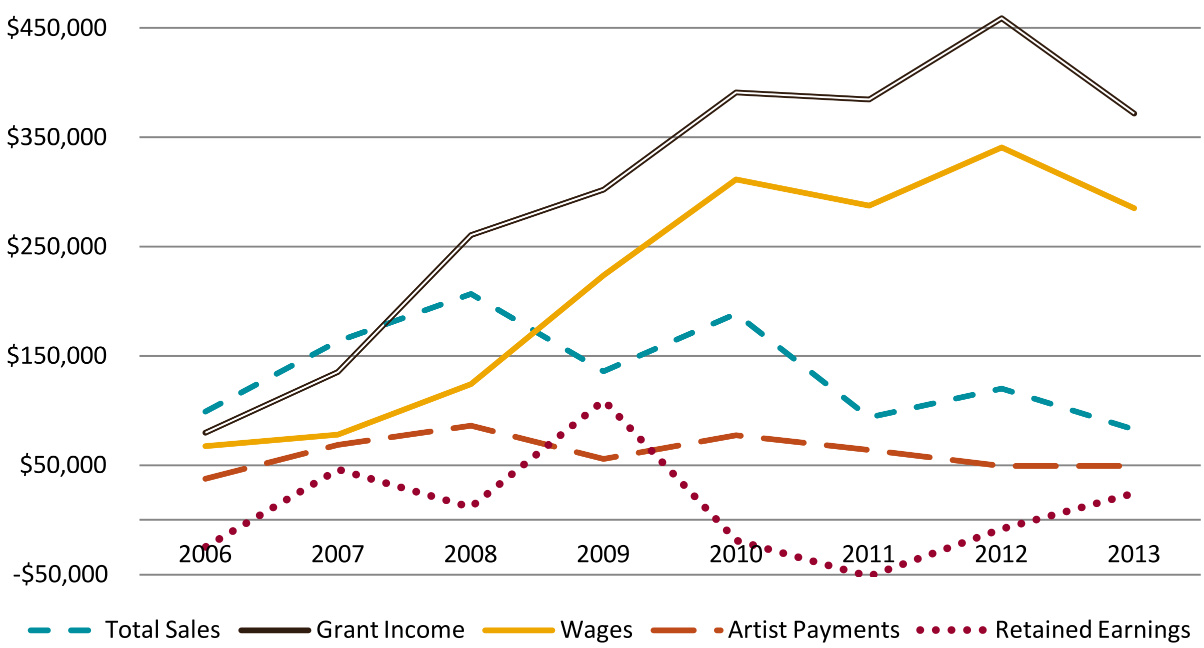


Figure B 8: Central Desert key indicators, 2005/06–2012/13

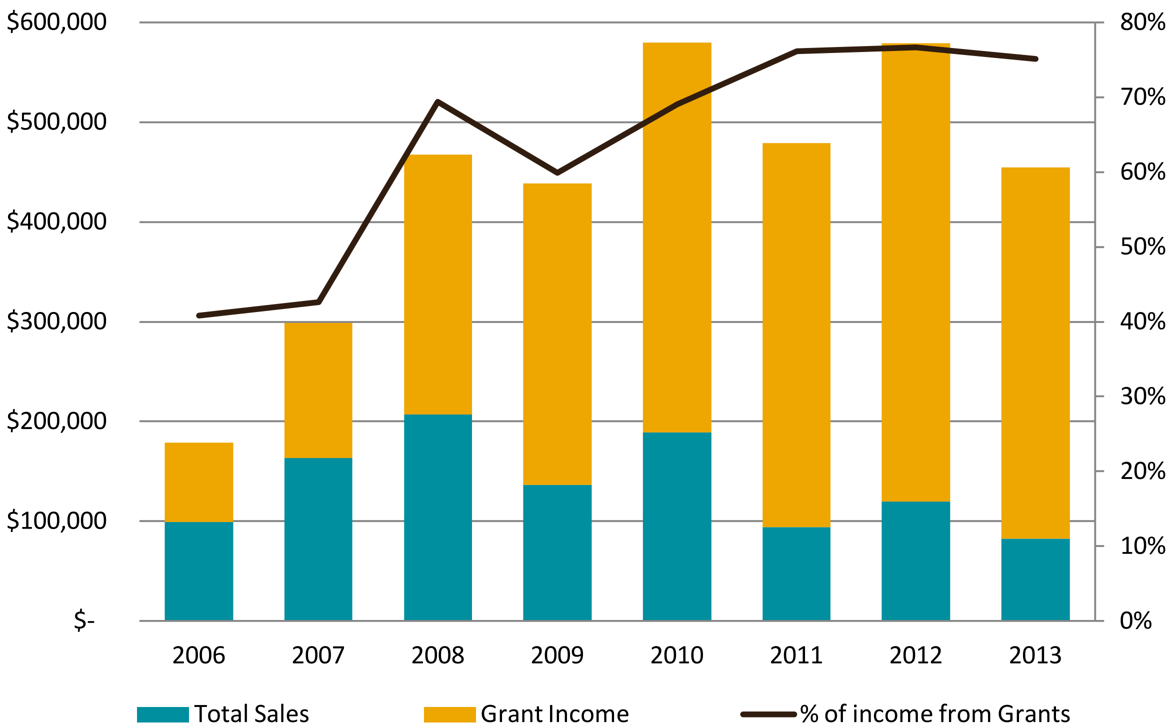


Figure B 9: Central Desert sales income, grant income and percent of total income from grants, 2005/06–2012/13

B 3.5 Eastern Desert

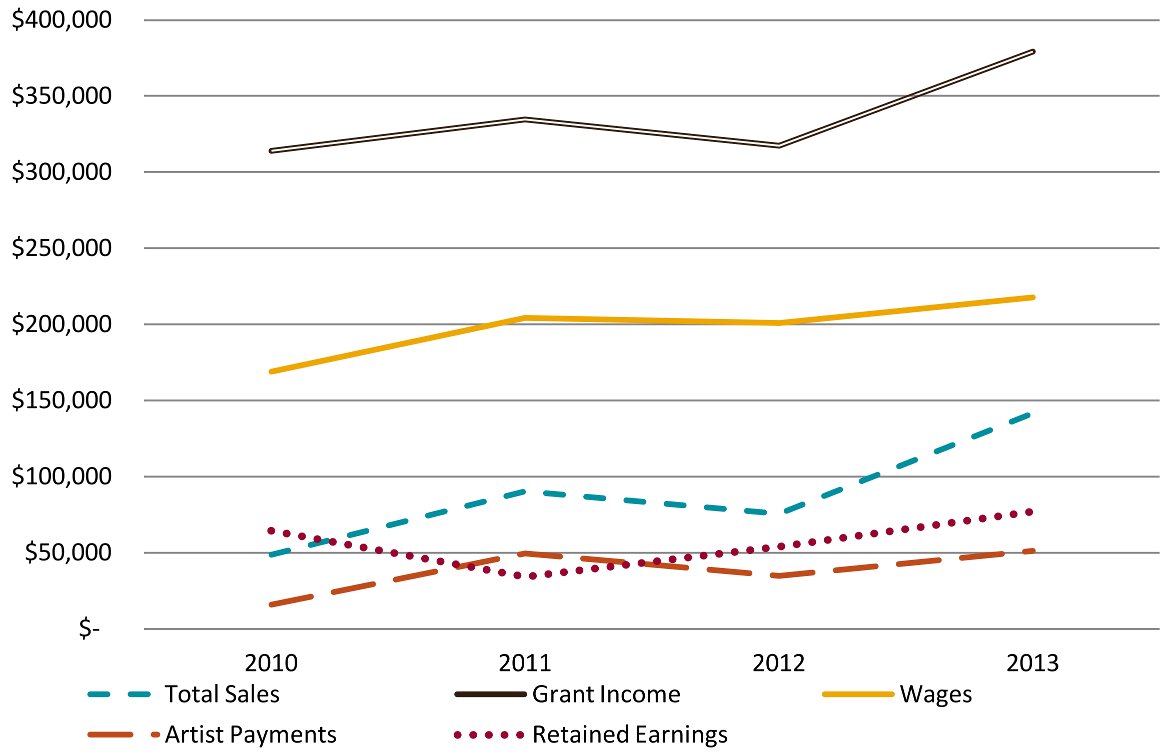


Figure B 10: Eastern Desert key indicators, 2009/10–2012/13

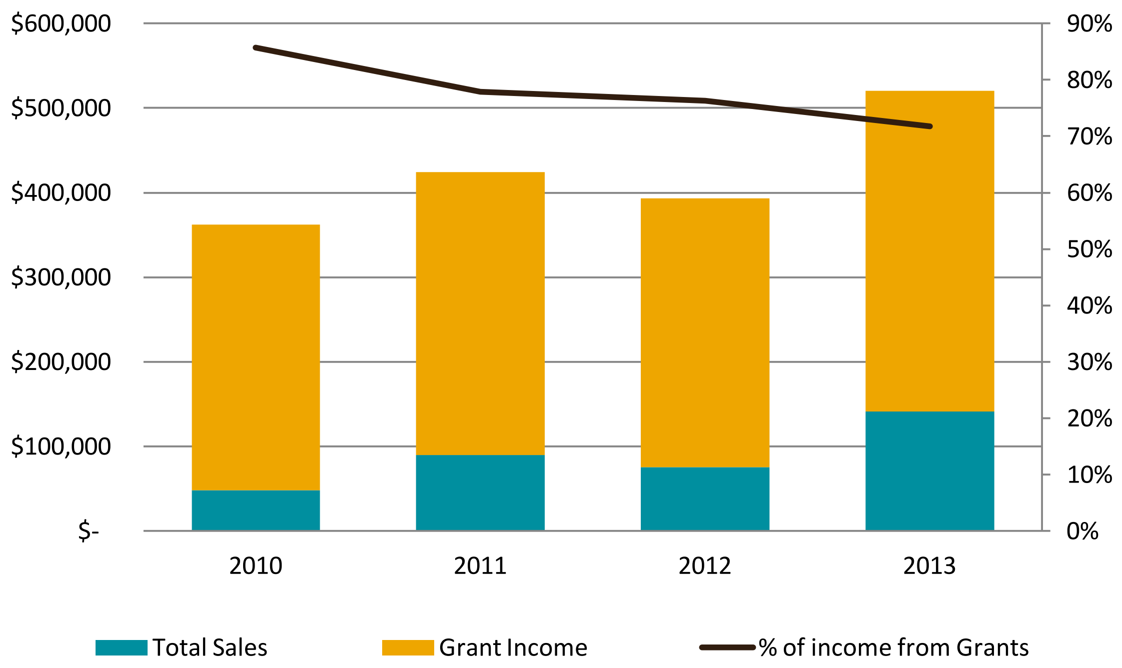


Figure B 11: Eastern Desert sales income, grant income and percent of total income from grants, 2009/10–2012/13

B3.6 Far North Queensland

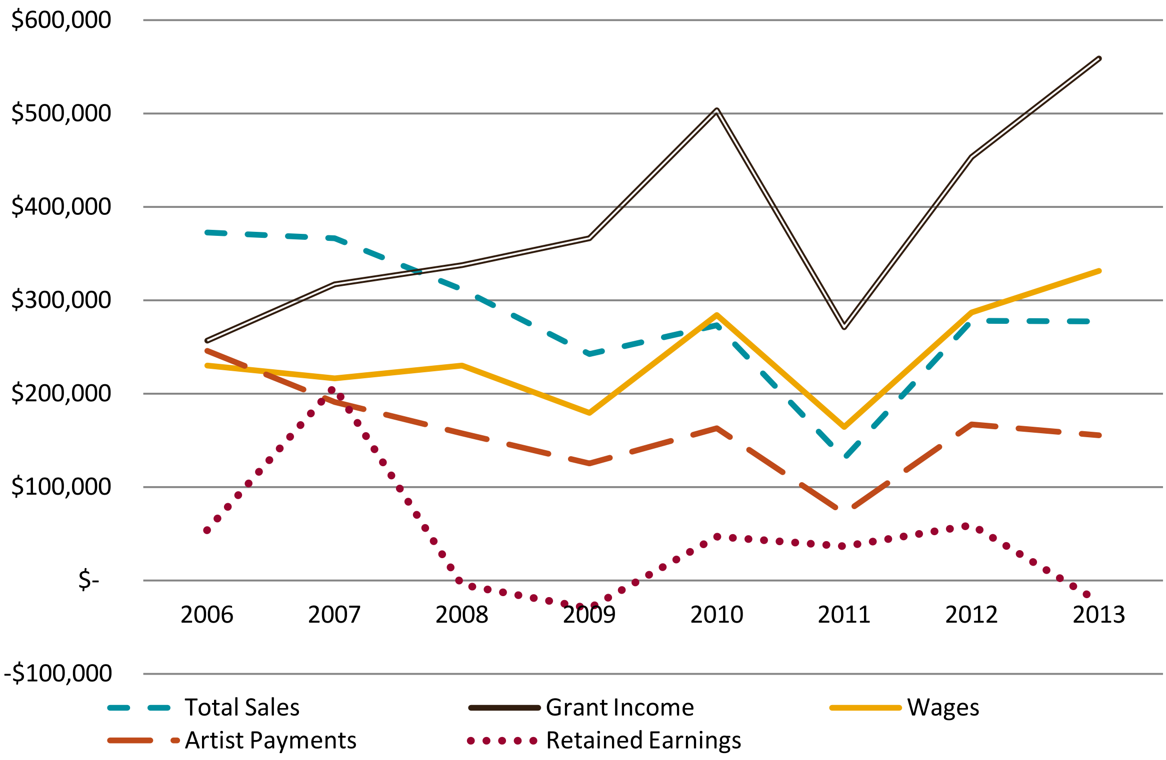


Figure B 12: Far North Queensland key indicators, 2005/06–2012/13

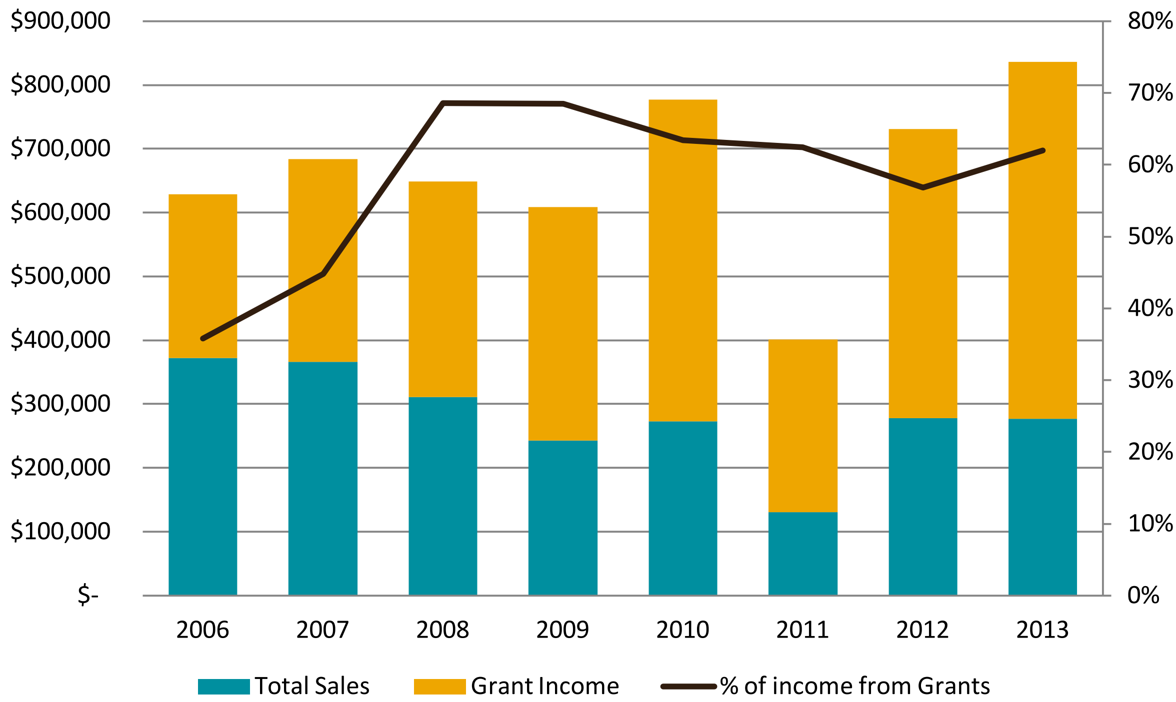


Figure B 13: Far North Queensland sales income, grant income and percent of total income from grants, 2005/06–2012/13

B3.7 Kimberley

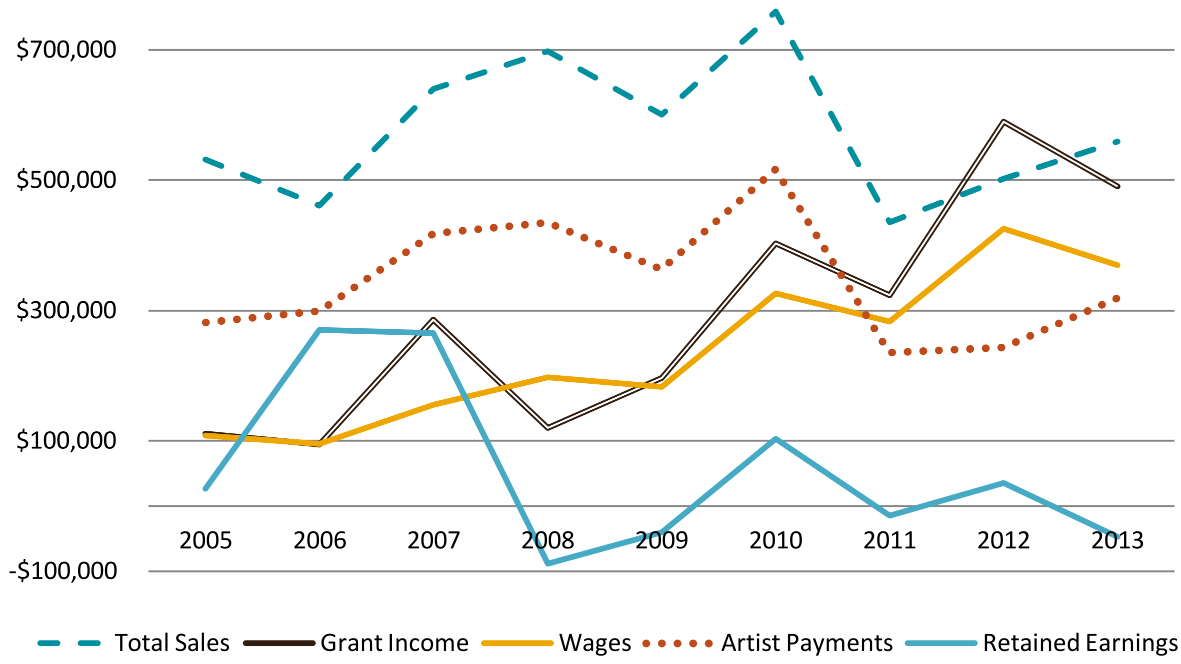


Figure B 14: Kimberley key indicators, 2004/05–2012/13

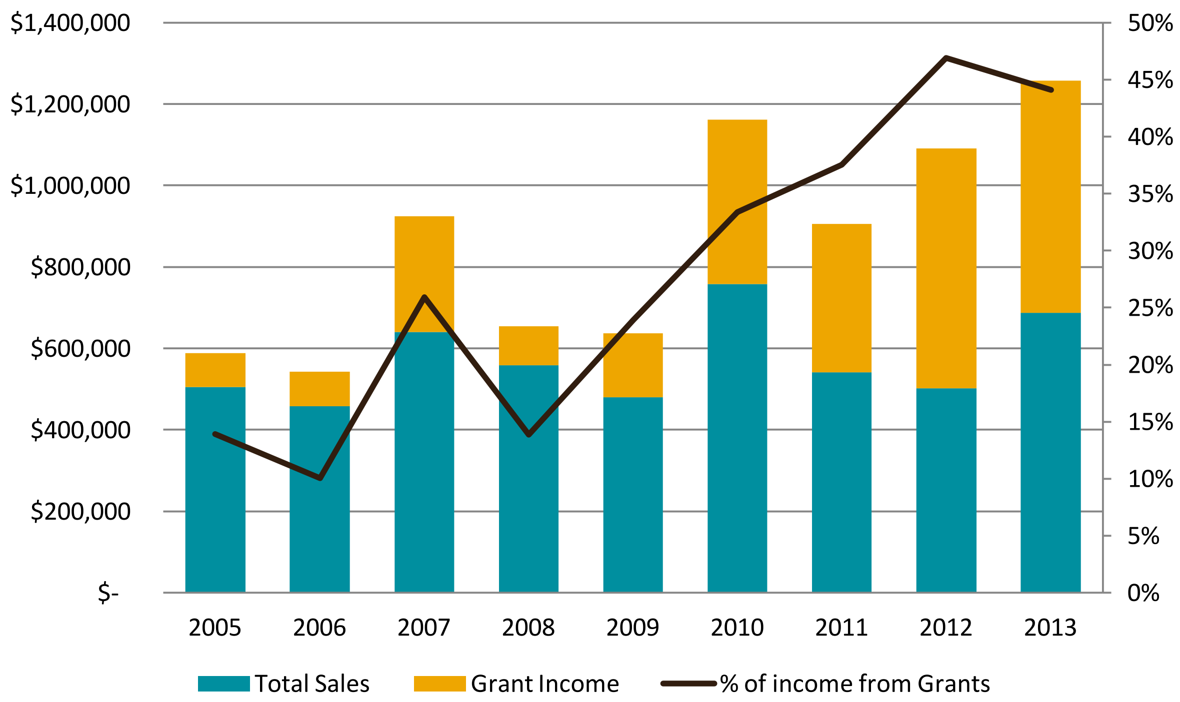


Figure B 15: Kimberley sales income, grant income and percent of total income from grants, 2004/05–2012/13

B3.8 Tiwi

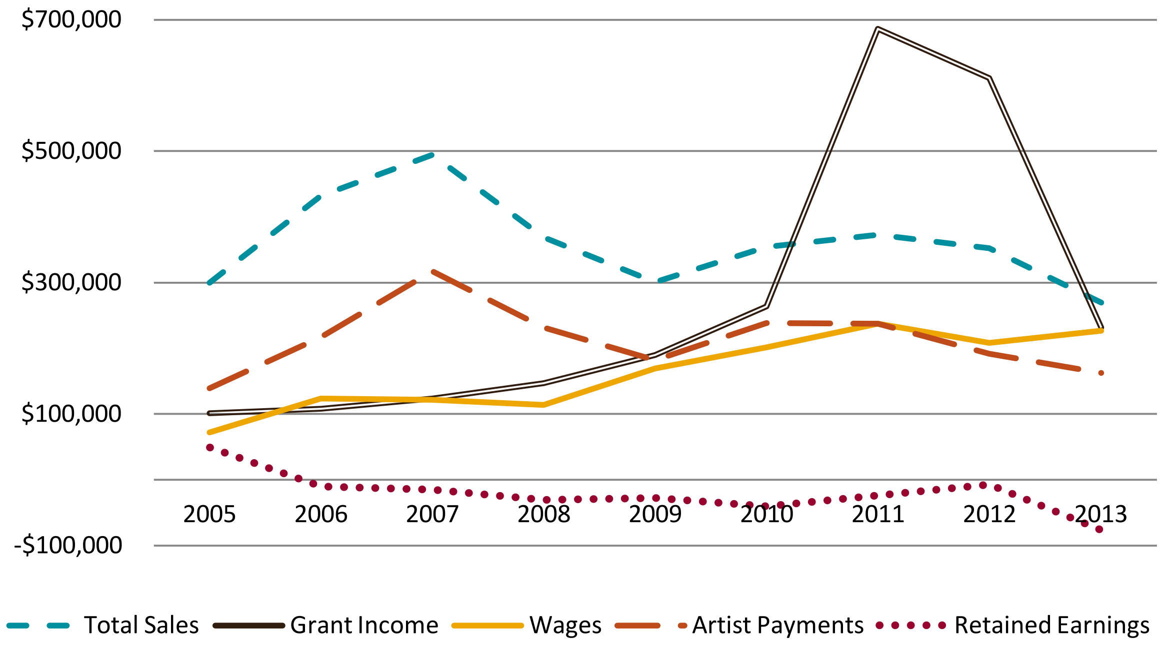


Figure B 16: Tiwi key indicators, 2004/05–2012/13

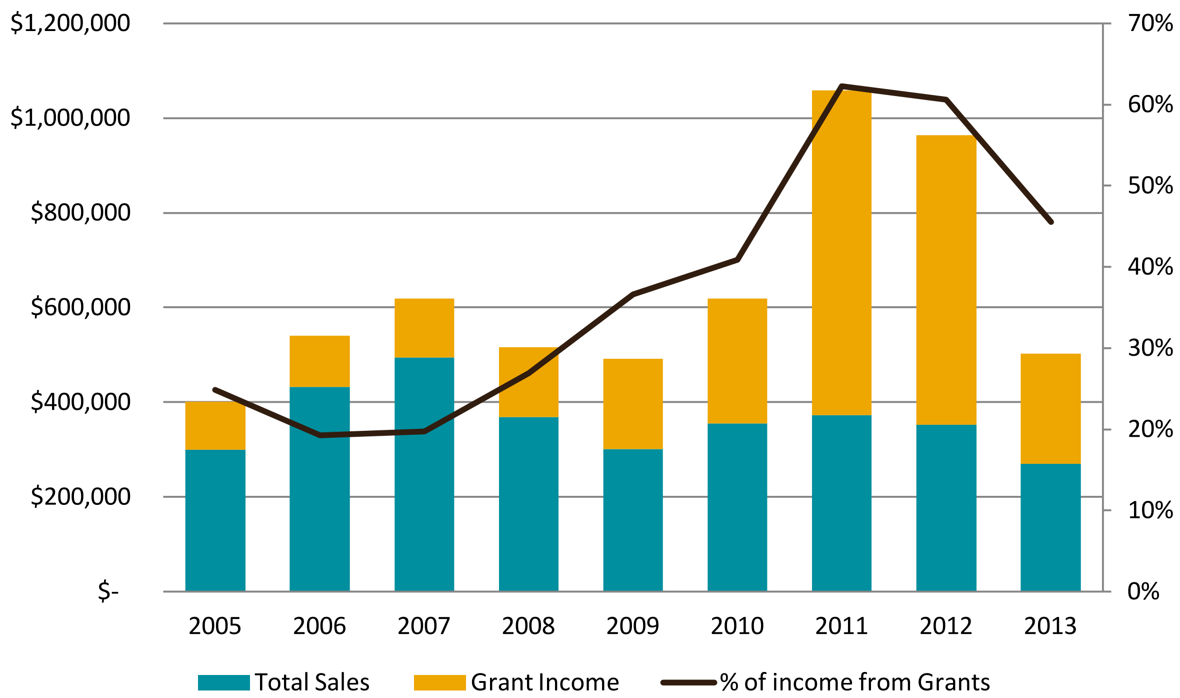


Figure B 17: Tiwi sales income, grant income and percent of total income from grants, 2004/05–2012/13

B3.9 Torres Strait Islands

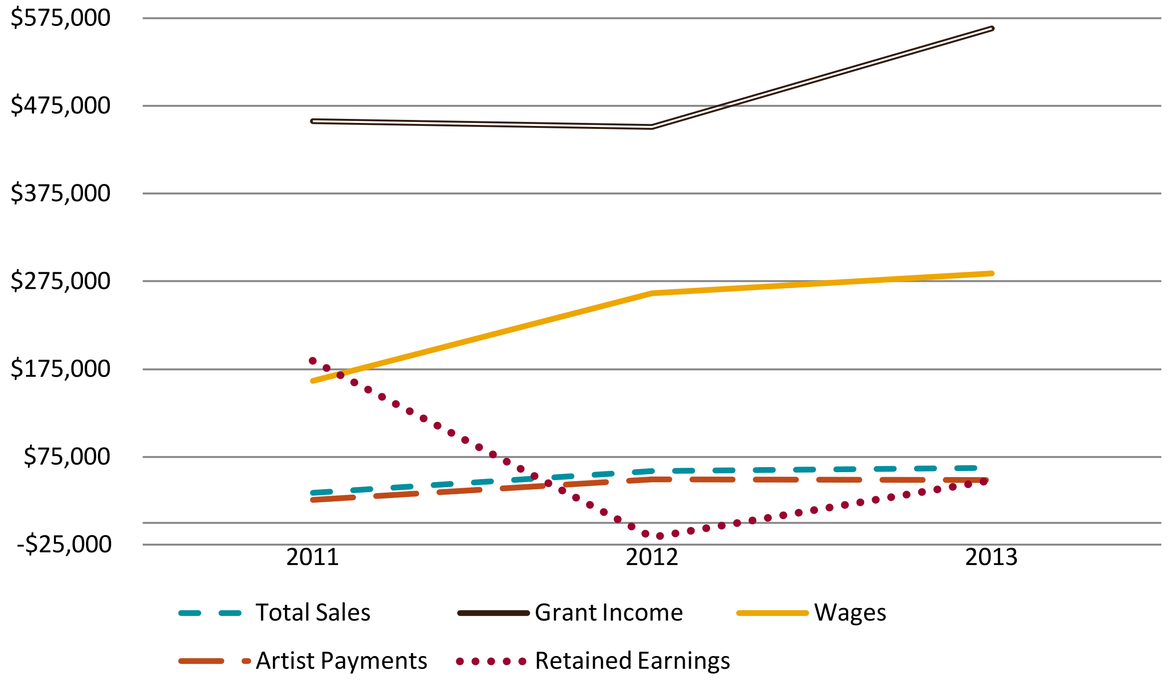


Figure B 18 Torres Strait Islands key indicators, 2004/05–2012/13

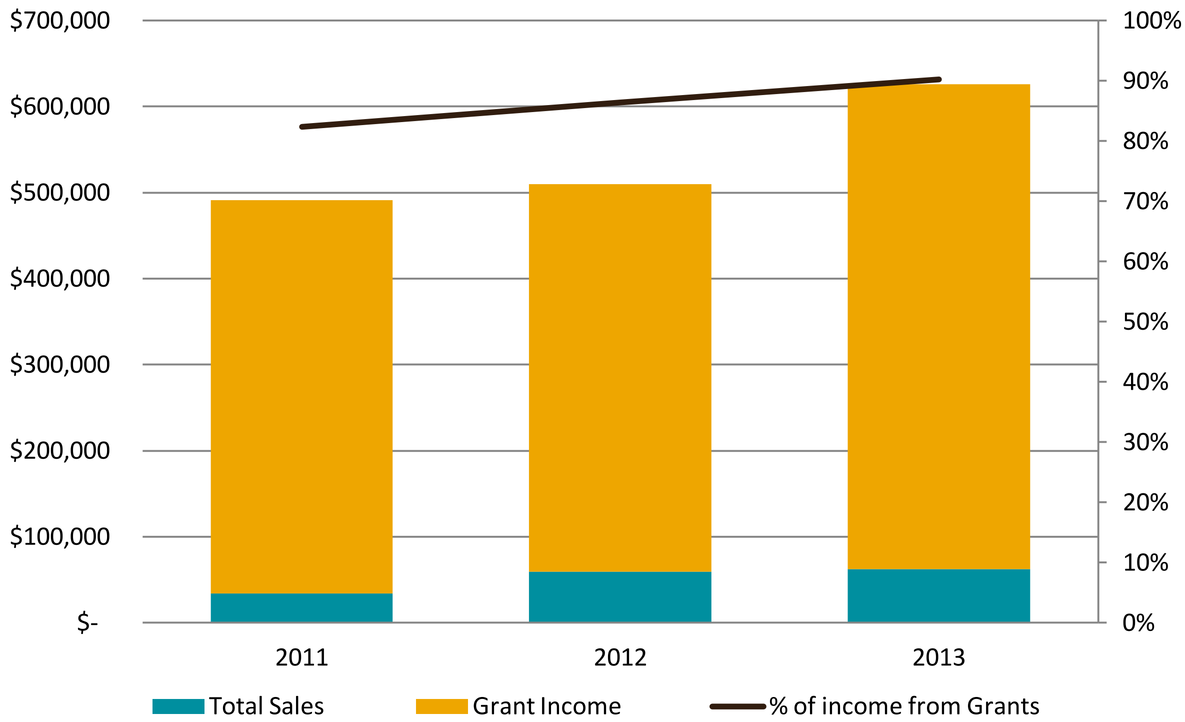


Figure B 19: Torres Strait Islands: sales income, grant income and percent of total income from grants, 2010/11–2012/13

B3.10 West Coast

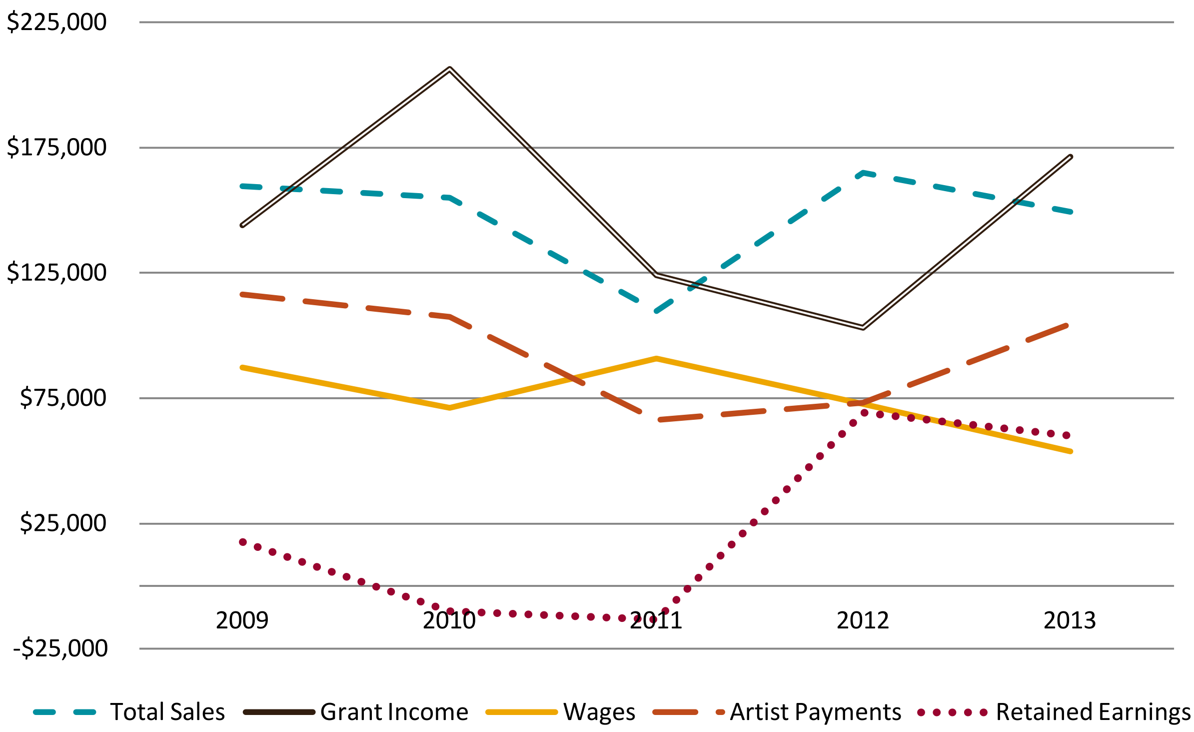


Figure B 20: West Coast key indicators, 2008/09–2012/13

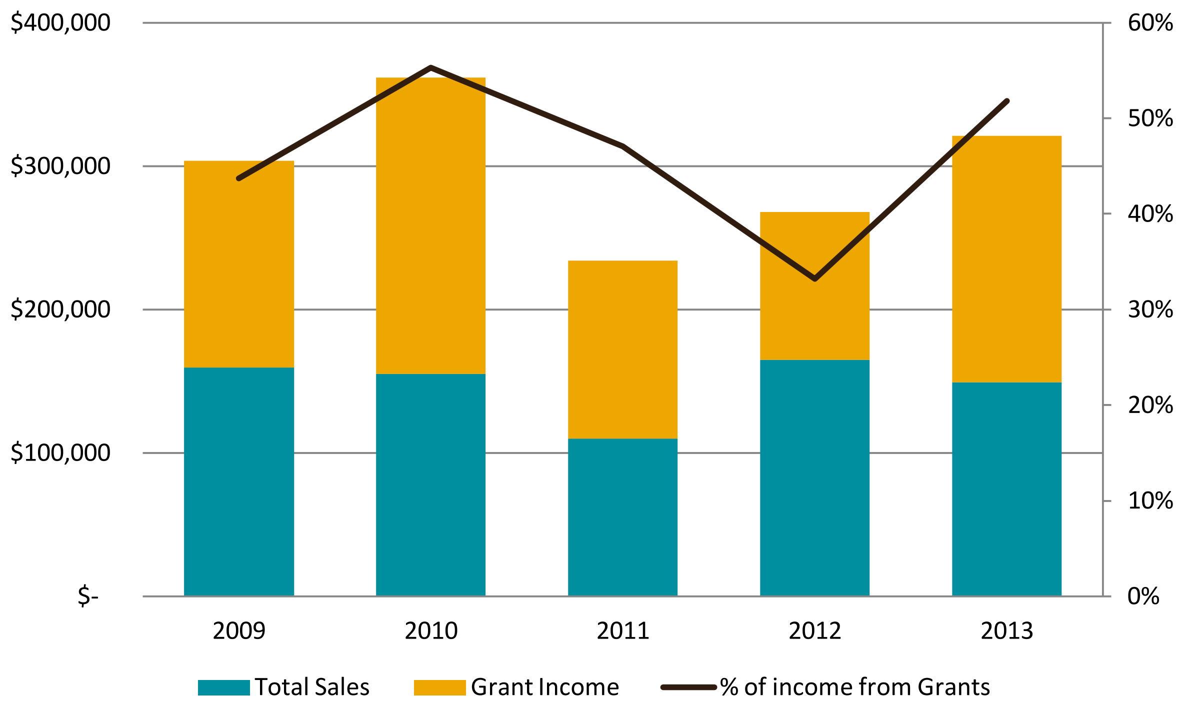


Figure B 21: West Coast sales income, grant income and percent of total income from grants, 2008/09–2012/13

B3.11 Western Desert

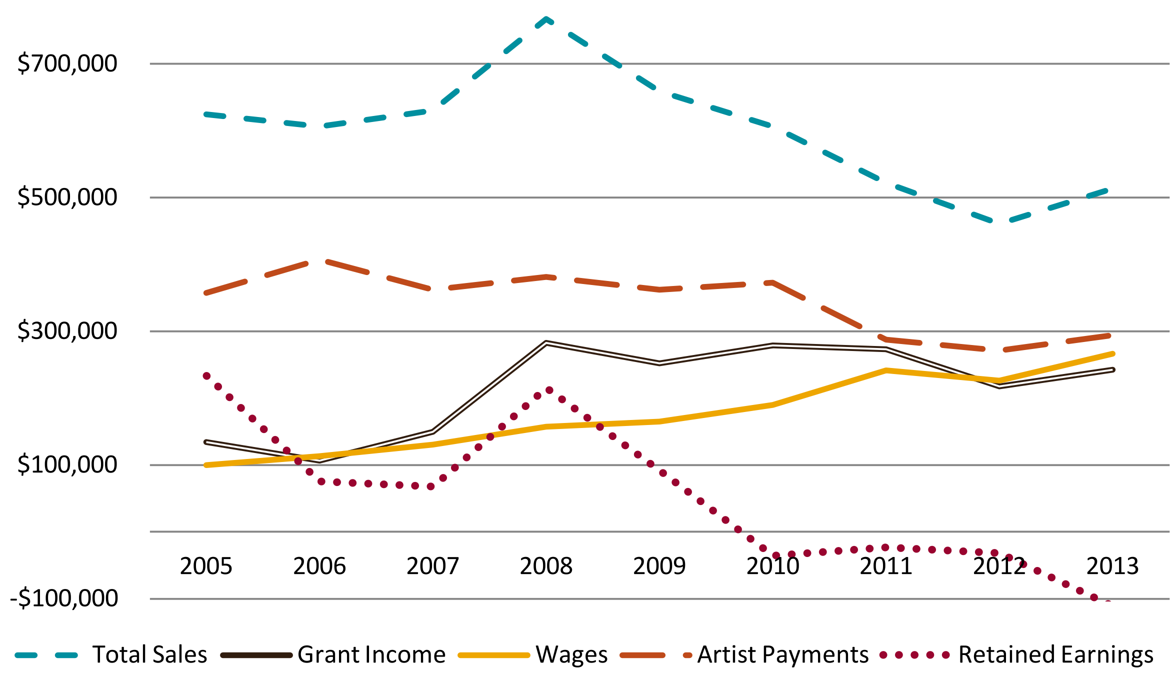


Figure B 22: Western Desert key indicators, 2004/05–2012/13

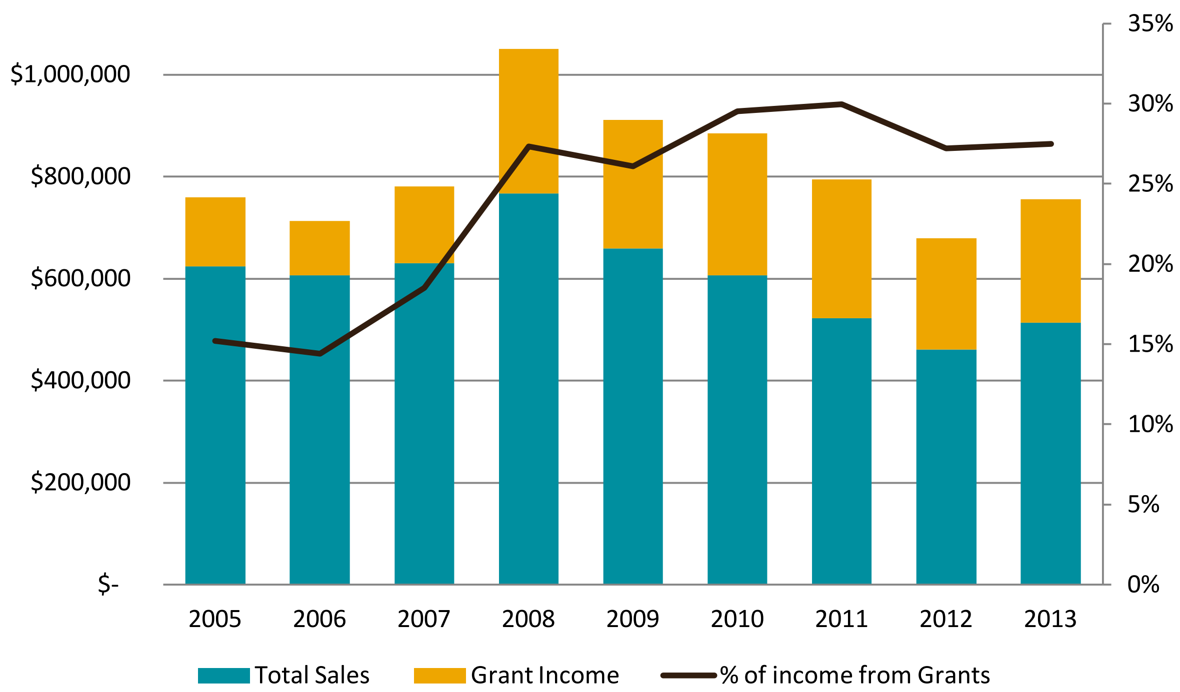


Figure B 23: Western Desert sales income, grant income and percent of total income from grants, 2004/05–2012/13

References

ABS (Australian Bureau of Statistics). 2006. *Remoteness Structure.* Available from http://www.abs.gov.au/websitedbs/d3310114.nsf/home/remoteness+structure.

Commonwealth of Australia. 2007. *Securing the Future: Australia's Indigenous visual arts and crafts sector*. The Senate Standing Committee on Environment, Communication, Information Technology and the Arts. Canberra.

Commonwealth of Australia. 2012. *At the Heart of Art: A snapshot of Aboriginal and Torres Strait Islander corporations in the visual arts sector or other Art Economies Value Chain reports*. Office of the Registrar of Indigenous Corporations. http://www.oric.gov.au/sites/default/files/documents/06_2013/11_0327_Corp_Visual_Arts_Sector_v3-3.pdf

Hoegh-Guldberg H. 2002. *The Indigenous Art and Craft Market: A Preliminary Assessment for the Cultural Ministers Council Statistics Working Group*. Cultural Ministers Council Statistics Working Group. Canberra.

McAndrew C. 2012. *The International Art Market in 2011: Observation of the Art Trade over 25 years*. The European Fine Art Foundation, Netherlands.

Woodhead A and Acker T. 2014a. *The Art Economies Value Chain reports: Art Centre production*. CRC-REP Research Report CR007. Ninti One Limited, Alice Springs. http://www.crc-rep.com.au/resource/CR007_AEVC_ArtCentreProduction.pdf

Woodhead A and Acker T. 2014b. *The Art Economies Value Chain reports: Methodology and Art regions*. CRC-REP Research Report CR005. Ninti One Limited, Alice Springs. http://www.crc-rep.com.au/resource/CR005_AEVC_MethodologyArtRegions.pdf

Wright F and Morphy F. 2000. *The Art and Craft Centre Story, Volume Two: Summary and Recommendations*. Aboriginal and Torres Strait Islander Commission, Canberra, pp. 74–102.