

Priority and performance

An analysis of the financial performance of the Ten Days on the Island Festivals 2008-9 and 2010-11

The 2009 and 2011 festivals were the fifth and sixth biennial events held by the Ten Days on the Island organisation since its inception in 2000-2001. With each festival attracting a state grant approaching \$2.5 million and total income for each festival of over \$4 million it is, in the hierarchy of Tasmanian government performing arts initiatives, second only to the Tasmanian Symphony Orchestra. But it has been criticised for, among other things, of having unusually high administrative costs and of failing to give the public adequate value for its money.

This analysis is intended to provide some of the evidence by which these claims may be judged and, by doing so, illuminate the debate between the festival's boosters and detractors. No judgement is made, or can be made, on the artistic value of what is on offer: both criticism and defence of such matters remain matters of personal taste.

Clearly, the efficiency of such a predominant organisation has an impact on many other elements of the state's cultural life. Money cannot be spent twice and government funding, particularly in this field, is seriously constrained. If that money is used poorly, other initiatives, which could conceivably yield more for less, are penalised or precluded altogether.

The same can be said of corporate sponsorships and donations. Companies and individuals will not spend more than a certain amount in such an area: money given to Ten Days on the Island reduces the overall pool of funding available for other events.

The analysis is based on figures released by the organisation in its biennial Statements of Activities for the 2009 and 2011 festivals. Reports for the 2013 event, which was held in May, have not yet been published. These do not give a detailed breakdown of activities – we do not know how much was spent or earned from particular events or what the organisation did with the money it spent on administration. Nor is there any information of how salary costs were allocated between various staff functions – which would in itself have provided a valuable insight into priorities and administrative efficiency. However, enough data exist in the public domain to make a reasonable judgement about whether or not Ten Days on the Island is making good use of the substantial amount of public money it receives. Its performance can also be compared with that of other festivals and performing arts organisations around Australia.

The following table reveals the very high extent that the organisation relies on its state government grant, for some 60% of its income. Only between 11% and 15% is raised from the box office, an unusually small proportion for any performing arts organisation. Only about 10% is raised from sponsorships and donations: most similar organisations would hope to do better here too. The failure to raise more non-government money may be related to the way the festival is spread out across the state,

which makes it difficult or impossible to have a large impact in any one place and is likely to affect its ability to establish a profile which would attract more private funding.

Revenues 2008-9 and 2010-11

	2008	2009	08-09 total	% of total	2010	2011	10-11 total	% of total
Artistic program income	21 000	312 795	333 795	8.8%	5 705	345 503	351 208	8.5%
Box office	3 024	410 250	413 274	10.9%		622 774	622 774	15.0%
Donations, sponsors		403 691	403 691	10.6%		432 278	432 278	10.4%
Food & beverage sales		39 014	39 014	1.0%		24 582	24 582	0.6%
Grants received	547 391	1 865 379	2 412 770	63.8%	689 980	1 792 527	2 482 507	59.9%
Australia Council					22 435	52 565	75 000	1.8%
Total grants	547 391	1 865 379	2 412 770	63.8%	712 415	1 845 092	2 557 507	61.7%
Interest received	26 311	59 861	86 172	2.2%	37 620	85 606	123 226	3.0%
On-sell & other income	2 000	10 532	12 532	0.3%	3 612	5 298	8 910	0.2%
Travel recoveries	10 068	69 808	79 876	2.1%	3 300	12 825	16 125	0.4%
Foreign currency gain (loss)		(3 200)	(3 200)	(0.0%)	3 200		3 200	0.0%
Sale of assets gain (loss)					1 386		1 386	0.0%
Total revenue	609 794	3 168 130	3 777 924		767 238	3 373 958	4 141 196	

Sources: *Ten Days on the Island, Statements of Activities, 2009 and 2011*
Percentages may not add to 100 due to rounding

The table below shows how the organisation chooses to spend its money. This indicates that criticism that Ten Days on the Island spends too much of its income on administration and staff salaries, rather than on performances that audiences have a chance to see, appears to be justified. The priorities of any performing arts organisation which spends half its income on administration and staff are likely to be questioned.

It is probable that an element of salary expenditure was directly involved in performance, rather than the administrative functions of preparation, transport, planning and accounting. It is common in small festivals for administrative staff to sometimes help directly with the staging of productions. But, given that these festivals occupy only ten days every two years, it is unlikely that this would alter the overall picture.

Expenditure 2008-9 and 2010-11

	2008	2009	08-09 total	% of total	2010	2011	10-11 total	% of total
Administration expenses	191 537	307 931	499 468	13.5%	195 772	332 574	528 346	13.1%
Salary and contract	325 983	939 325	1 265 308	34.3%	427 370	1 111 970	1 539 340	38.2%
Total admin/salaries	517 520	1 247 256	1 764 776	47.8%	623 142	1 444 544	2 067 686	51.3%
Marketing expenses	7 378	426 791	434 169	11.7%	48 474	342 737	391 211	9.7%
Partnership expenses	17 666	21 134	38 800	1.0%	12 292	19 125	31 417	0.7%
Artistic program expenses	66 104	1 368 442	1 434 546	38.9%	79 453	1 439 664	1 519 117	37.7%
Licenses, registrations	1 126	10 000	11 126	0.3%	2 165	12 500	14 665	0.3%
Total artistic costs	67 230	1 378 442	1 445 672	39.2%	81 618	1 452 164	1 533 782	38.0%
Press, marketing		6 862	6 862	0.1%	1 712	2 331	4 043	0.1%
Total	609 794	3 080 485	3 690 279		767 238	3 260 901	4 028 139	

Sources: *Ten Days on the Island, Statements of Activities, 2009 and 2011*
Percentages may not add to 100 due to rounding

Though transport is not itemised, it is clear that the costs of staging performances, usually for very short seasons, in many venues adds immensely to the cost of Ten Days on the Island. According to the general manager's report, there were '232 events in 111 venues across 62 towns'. Any review of government arts expenditure in Tasmania would need to consider whether the state is getting good value for money from such a program or whether the geographically unfocussed nature of the event prevents it from making an impact in any one place; requires very short – and therefore expensive – seasons; and precludes booking 'name' events that would cost more but attract more public interest and sell more tickets.

According to the general manager's report, some 50% of performances in the 2011 festival were free. This is an extraordinarily high level and, while audiences may be easier to attract when they do not have to pay, it inevitably makes the organisation even more dependent on government subsidy. The extent of the festival's failure to pay its way through the box office is shown by its exceptionally low average ticket sales.

Average ticket sales, 2011

<i>Performances</i>	<i>Ticket sales</i>	<i>Takings per performance</i>
232	\$622 774	\$2 684

These results compare poorly with those of other Australian performing arts organisations. Salaries account for a substantially greater proportion of total expenditure than other festivals; it has a higher reliance on government grants and a lower yield from its box office. The two drama companies in the table below – the Sydney and Belvoir Theatre Companies – generate well over half, and in the STC's case almost two-thirds – of total income from ticket sales, even though both suffered at the box office in the years shown because of the departure of high-profile and popular artistic directors in Cate Blanchett and Neil Armfield.

Peer organisations: box office as a percentage of revenue, salaries and employee benefits as a percentage of expenditure, and grants as a percentage of revenue

<i>Organisation</i>	<i>Box office</i>	<i>Salaries</i>	<i>Grants</i>
Ten Days on the Island ¹	15.0%	38.2%	59.9%
Adelaide Festival ²	35.8%	27.9%	28.4%
Melbourne Festival ³	21.5%	21.4%	n/a
Sydney Festival ⁴	22.0%	n/a	49.6%
Sydney Theatre Company ⁵	63.4%	51.3%	17.9%
Belvoir Theatre Company ⁶	55.6%	n/a	16.3%

Sources: Annual Reports

The Sydney and Melbourne festivals, both annual events, are able to generate substantially more box

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1. For 2010-11 festival cycle.
 2. For 2011-12 festival cycle.
 3. For calendar year 2012.
 4. For financial year 2012-13.
 5. For calendar year 2011.
 6. For calendar year 2012.

office revenue than Ten Days on the Island. Interestingly, the Sydney Festival is being trenchantly criticised for poor financial performance: its reliance on grants has risen from 36% of total revenues in 2008-9 to 49.6% in 2012-13. In the same period, box office income dropped from 30% of revenue to 22%. Although this festival is now deemed by arts journalists, the state government and the Sydney City Council to be in a financial crisis, its results are still far better than those of Ten Days on the Island.

The Adelaide Festival, like Ten Days on the Island, has long had the disadvantage of running one festival every two years rather than annually. As such, both organisations have to carry permanent staff over for a longer non-productive period and lack the marketing impact and box office revenue that more frequent events would produce. In response to this, Adelaide has now taken the decision to become an annual event from 2014. Nevertheless, in the results reported here – for a biennial cycle – Adelaide's performance was far superior to that of the Tasmanian organisation with half the reliance on grants, well over twice the box office takings and substantially less spent on staff.

Martyn Goddard

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